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The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

Volume 155 Number 4027 New York, N. Y., Thursday, January 1, 1942 Price 60 Cents a Copy

OUR REPORTER'S REPORT

World-wide war and the prospect for heavy demands upon the money market by the National Government to finance our part in the struggle cloud the outlook for the corporate new issue market as the new year begins.

Recognizing the uncertainties the investment banking industry nevertheless is inclined to look on the brighter side of things. It is realized that the readjustment which the high-grade market has experienced in recent months probably writes "finis" to the long phase of refundings.

This fact is more or less generally accepted since few, if any, companies in a position to do so have refrained from refinancing their outstanding debts. Those who failed to take advantage of conditions in recent years are

(Continued on Page 7)

Over-The-Counter Dealers Must Unite

Newspaper Quotations Now Make It Impossible To Conduct Business At Profit

In our issue of December 18 we carried an article under the above heading. It disclosed the situation which has arisen under the new NASD system of preparing quotations on over-the-counter securities for publication in the press.

We concluded with a request that over-the-counter dealers write us their views on the subject.

On December 25 we presented a number of replies received prior to that date.

Today we make room for others which have since come to hand.

Further comments and suggestions are urgently asked. Requests that names not be printed will be scrupulously observed.

We heartily agree with you that the NASD and SEC should take immediate steps to correct the present unfair method of quoting over-the-counter securities. Almost all classes of labor are getting higher wages, and rates charged for conducting all business have increased. At a difficult time like this through which the Investment Dealer is endeavoring to do his job to the best of his ability, it is most unjust that his opportunities for profit are severely impaired by the present quotation method used, while the Government has upheld the demand for all other types of business for increased rates. Certainly the previous system used should at least be adopted again.—*Richard G. Ives, Treas. (Danbury, Conn.), R. G. Ives & Co., Inc.*

"YOU SELL 'EM AND WE'LL EXECUTE THE ORDER"—So say the Stock Exchange Members.

And why not? The more over-the-counter dealers the Stock Exchange member can get to work for him—for nothing—the better chance he has of very nearly keeping out of the red. And when it comes to over-the-counter securities, the branch office or local member house can make the full commission without having to split with the New York correspondent or home office. Now isn't that something—to make an eighth perhaps instead of a sixteenth.

I sold a man some Manufacturers Trust preferred and told him at the time, it would cost him half a point. The selling of this stock necessitated two personal interviews, a telephone call and numerous comparisons. This man is a high grade bond buyer and had to be shown in detail why he could afford to buy some Manufacturers Trust preferred.

The day after I received the order my customer called me on the phone with fire in his eye. I was a robber charging $50 a hundred instead of $18. He knew, because a customers man of a member house had just told him so. I immediately legged it up to my customer's office and it took me nearly as long to sell him on the idea that I was entitled to the $50 commission as it did to sell him the stock in the first place.

The security business is the only business I know of which does not protect the retailer by some more or less uniform commission or spread basis. A great many manufacturers and wholesalers insist upon a retail price structure which allows the retailer to make a fair profit.

We, "The Over-The-Counter Dealers," hear that the Stock Ex-

(Continued on Page 10)

Our Reporter On "Governments"

If anything happens in the U. S. Government market next week—or, in fact, between now and mid-January—it will be a great surprise to just about every observer of the bond lists. . . . For this is the period of statement-writing. . . . This is the time for totaling up the year's business, for recapitulation and planning. . . . The large investors have retired to the sidelines and aren't buying or selling. . . . The smaller ones may act now and then but they're not important enough to the price trend to deserve more than passing notice. . . . So the present lull is entirely "according to Hoyle." . . . If anything, the fact that we can have a breathing spell—just as always—less than a month after the beginning of world-wide war is a heartening thing to consider. . . .

Most institutional tax selling and switching deals have been completed. . . . Despite the heavier tax burden and the prospects of unprecedented increases in levies next year, tax operations in the Government mart, at least, were comparatively minor this year. . . . Not so in the stock markets, of course—another reflection of the stability of the high-grade lists as against the weakness of the stock marts. . . .

Temporarily, the Federal Reserve System has retired from the open market and it will stay out until price gyrations indicate official support is necessary. . . . Which may or may not be soon—chances are against it. . . . Direct buying to date has been exceedingly moderate considering the news. . . Major factor, as this column has mentioned several times

(Continued on Page 11)

INDEX

Regular Features

Page
Bank and Insurance Stocks........ 6
Calendar of New Security Flotations 13
Investment Trusts 7
Municipal News and Notes........ 8
Our Reporter's Report........ 1
Personnel Items 4
Railroad Securities 5
Securities Salesman's Corner (The) 2
Tomorrow's Markets—Walter Whyte Says 5
Bond Selector (The)........ 16
Whisperings 12
Our Reporter on Governments.... 1
Uptown After 3........ 12
Jottings 4

Miscellaneous

Over-the-Counter Dealers Must Unite 1
Condition of Canadian Banks..... 9

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We are pleased to announce that
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Mr. John B. Cornell, Jr.
has become associated with this firm

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The Securities Salesman's Corner

OPPORTUNITIES IN DEFENSE BONDS

It seems to us that there is an opportunity for an alert Security Dealer in every community to both serve his country and also build up his clientele, if he chooses this time to sell Defense Savings Bonds.

Too many times the average Dealer is met with skepticism and distrust when he first contacts individuals with whom he hopes to do business. In Defense Savings Bonds we have a medium that is made to order for establishing investor confidence. What citizen would not be favorably impressed by an appeal to his patriotism, especially when it is an offering of an investment which is backed by the faith and credit of our national government? We also believe that any Dealer who made such a campaign in his community would not be the loser for it—either financially or in the regard and esteem in which he would be held by his neighbors.

True enough, there is no profit allowed in selling these bonds. On the contrary, the entire expense of such a campaign would have to be charged off as an original loss. But there is the new client angle which is of importance in figuring out the eventual dollars and cents involved in this kind of an effort. A few new clients might more than pay for such a campaign—and we believe it is more than likely that this would be one way of acquiring them.

In setting up a campaign to sell Defense Savings Bonds we would first procure lists of people who are not known as qualified investors. Such lists might well include:

Professional men and women;
Corporation executives;
Government employees and teachers;
Small business men;
Members of clubs and fraternal orders.

Then we would prepare a letter. In this letter we would simply state as briefly as possible that we were offering to help the citizens of our community in their purchases of Defense Savings Bonds. That since we were Dealers in securities and investments we believed that it was our duty to cooperate in this great national effort and to offer our established facilities to our country and community without cost and at our own expense. That we would take care of all orders for these Bonds because we believed it was everyone's duty to help put the V in Victory and we felt certain that everyone who could do so would buy them to the very limit of their ability.

We would enclose literature describing the various classes of the Defense Bonds which are available. This we would secure from the Federal Reserve, the Post Office, or our Bank. We would enclose a convenient reply envelope and a clear concise order blank with full instructions for placing the order. We would ask that checks or money orders be enclosed with the orders and would state that delivery of the Bonds would be made in due course. (Deliveries could be made by salesmen.)

This mailing could be followed by others on the same subject. A follow up by the sales organization could also be injected after such a mail campaign. It seems to us that a call made by a salesman or even a partner of the firm on such a mission would almost be about as perfect an introduction to a strange prospect as anyone in the securities business could desire.

We believe this campaign is worth a trial. One of the best methods of doing business is to interest people in **coming to you.** If people come to you, then you can place your business relationship upon a base that is infinitely more substantial and permanent than if you are constantly placed in the position of "going after them." The school teacher who might give you an order for a $500 series E Defense Savings Bond may never again purchase any more securities for his own account. But if he becomes acquainted with you and your firm, if he has an opportunity to see that men from Wall Street are also fine, sincere and patriotic citizens, who are concientious in their work and who earnestly desire to serve their fellow men and their country as well—then he might remember you some day when his Aunt Minnie starts talking about her bank box full of investment worries. Here is a way to meet Aunt Minnie and to have Aunt Minnie come to see you. For our school teacher friend might bring her down to the office to meet you—but first you've got to meet him, and this is one way to do it. Besides Uncle Sam can use his $500. How about it?

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Office Procedure Comm. For S. E. Firms Ass'n

James F. Gurns, Jr., President of the Association of Stock Exchange Firms, announced today the appointment of an Office Procedure Committee consisting of ten partners and employees of member firms who are specialists in brokerage management. One of the first problems to be investigated by the Committee will be the handling of books and accounts in the event of air raids.

In instructions to brokers regarding precautions to be taken to avoid the loss of securities due to enemy action, the Association recommended recently that brokers keep duplicate sets of all records. The Committee will study the mechanical problems involved in duplicating records and at an early date will make specific recommendations to the financial community.

The Committee will cooperate with the officers of the Stock Exchange and with the Cashiers Senior Margin Clerks, Order Clerks and Accounting Sections of the Association in the development of uniform accounting and bookkeeping practices.

The service of the Office Procedure Committee will be offered to the Government regulatory agencies in the solution of mutual problems.

Those appointed by Mr. Burns are: Harold P. Goodbody, Goodbody & Company; Walter Winter. Dominick & Dominick; Robert Ayres, Shields & Company; James A. Kiernan, Thomson & McKinnon; Matthew E. Smith, Jr., Harris, Upham & Company; Mortimer Brasch, Carl M. Loeb-Rhoades & Company; John Humm, Merrill Lynch, Pierce, Fenner & Beane; Frank W. Conlin, J. R. Timmins & Company; W. W. Reynolds Cyrus J. Lawrence & Sons; and George E. Barnes, Wayne Hummer & Company (Chicago).

Mr. Goodbody was elected Chairman at the organization meeting of the Committee.

Woodward Gardiner To Be Snyder, Wilson Partner

TOLEDO, OHIO—Woodward C. Gardiner on Jan. 8, will become a partner in Snyder, Wilson & Co., 410 Madison Avenue, members of the New York Stock Exchange. Mr. Gardiner has been connected with the firm for a number of years.

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Treasury To Accept NSTA Offer Of Aid

The following letter was received from Eugene W. Sloan, Executive Director of the Defense Savings Staff of the Treasury Department, by Herbert H. Blizzard, of Herbert H. Blizzard & Co., Philadelphia, president of the National Security Traders Association, in response to the Association's offer of its services to the Government in the sale of Defense Bonds and Stamps or in any way in the present emergency.

"Your very kind letter of Dec. 17, 1941 addressed to the Secretary of the Treasury has been referred to me for acknowledgment.

"Plans are now being rapidly developed by which we can avail ourselves of the patriotic services of all members of your Association.

"With sincere thanks and appreciation . . ."

F. Eberstadt & Co. Is Now a Partnership

A new partnership, F. Eberstadt & Co., has been formed to carry on the business previously conducted by F. Eberstadt & Co., Incorporated, which firm was dissolved as of December 27. The partners of the new firm will consist of Messrs. Ferdinand Eberstadt, E. C. Brelsford, Clayton DuBosque, Grinnell Martin and M. E. Simond, the principal officers of the former corporation. This step does not contemplate any change in the conduct of the business and is being made as a result of a feeling that the partnership form of organization is better adapted to present conditions.

Officers of the firm will continue at 39 Broadway, New York City.

COMMERCIAL and
FINANCIAL CHRONICLE
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Herbert D. Seibert,
Editor and Publisher
Frederick W. Jones, Managing Editor
William Dana Seibert, President
William D. Riggs, Business Manager

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Urges Advantages Of Moving SEC to NYC

Upon receipt of reports that no definite decision has been made on the transfer of the offices of the Securities and Exchange Commission from Washington to another city, the Commerce and Industry Association of New York sent the following telegram to Fred E. Taylor, manager of Office on Decentralization Service:

"We urge you to use your influence to have the Securities and Exchange Commission move to New York City, where principal financial markets and transactions it supervises are located. Corporations throughout nation wishing to borrow money through sale of securities in New York market should be able to make arrangements with the SEC and with their bankers at the same time in same city, thus saving time, money, transportation and communications facilities for other much-needed uses. To move this agency to any other city would put needless added burden on these facilities. The fact that thousands of small establishments here, not readily convertible to war production, face shutdown due to material shortages affects the whole city and makes it necessary that means be found of furnishing counter-balancing activities. The city's large supply of office workers, living accommodations, uptown and downtown vacant office space, transportation readily accessible to all parts of country, and plentiful hotel accommodations, makes New York logical choice when relocating Washington bureaus to relieve congestion in District of Columbia."

The returns from a survey made among real estate people showing low and moderate rental housing available in New York City for Government employees was also sent to Mr. Taylor by the Association.

Stein Bros. Boyce & Barclay Moore Merge

Mr. C. Prevost Boyce

Two well known underwriting and investment firms, both members of the New York Stock Exchange, become one through consolidation Jan. 2. These firms, Stein Bros. & Boyce of Baltimore, formed 88 years ago, and Barclay, Moore & Co. of Philadelphia, organized 41 years ago, will continue under the name of the Baltimore house. The principal office will be located in Baltimore at 6 South Calvert Street, and branch offices will be maintained in Philadelphia, New York, Louisville, Hagerstown, Cumberland, York, and Washington. Memberships will be maintained on the New York, Philadelphia, and Baltimore Stock Exchanges and on the country's other leading markets.

The partners of the firm will be C. Prevost Boyce, Col. Henry C. Evans, William T. Childs, C. Newton Kidd, F. J. Dodson, all of Baltimore, and Milton S. Trost of Louisville, Robert S. Lansburgh of New York, and William K. Barclay, Jr. and James A. Williamson of Philadelphia. The last two members were formerly members of the firm of Barclay, Moore & Co. and will be resident partners in the firm's Philadelphia office, which will continue to be located in the Fidelity Philadelphia Trust Building.

William K. Barclay, Sr. and James Clark Moore, Jr., also former members of the firm of Barclay, Moore & Co., will maintain offices in the Philadelphia branch of the firm, with which the remaining staff of Barclay, Moore & Co. will also become associated.

J. G. Sheldon Joins C. K. Morris Staff

CHICAGO, ILL.—Charles K. Morris & Co., Inc., 135 South La Salle St., announce that J. G. Sheldon has become associated with them and has been elected a Vice-President of the firm. Mr. Sheldon began his investment career in 1919 with T. J. Bolger & Co., which later became Bolger, Mosser & Willaman. In 1923 he joined H. M. Byllesby & Co. where he managed the municipal bond department until 1933. Since that year he has served in the Chicago offices of Brown Brothers Harriman & Co., The National City Company, Blair Securities Corporation, and most recently with Channer Securities Corporation.

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We regret to announce that
Mr. Stanley A. Russell
has retired from our firm.

We wish to announce that
Mr. Forrest C. Lattner
has been admitted as a general partner.

LAZARD FRÈRES & CO.

New York, December 31, 1941.

Form White, Hattier & Sanford In New Orleans

NEW ORLEANS, LA.—Harry H. White, Gilbert Hattier, Jr., and J. B. Sanford, Jr., formerly officers in the dissolved firm of White, Dunbar & Co., Inc., have formed White, Hattier & Sanford, a partnership, with offices in the Whitney Bank Building, New Orleans, and in the Lamar Life Building, Jackson, Miss. Mr. Sanford will make his headquarters in the Jackson office. George J. Bourg, formerly an officer of White, Dunbar & Co., and Robert W. Morris will act as Louisiana representatives for the new firm.

White, Hattier & Sanford will act as underwriters, participating distributors and dealers in municipal, general market and local securities specializing in Louisiana and Mississippi municipal issues. The municipal department will be in charge of Mr. Hattier.

Louis E. Combs To Be Tifft Bros. Partner

SPRINGFIELD, MASS.—Louis E. Combs, for many years manager of the bond and syndicate department of Tifft Brothers, 1387 Main Street, members of the New York and Boston Stock Exchanges, will be admitted to partnership in the firm on Jan. 8.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Dec. 29 that the tenders for $150,000,000 or thereabouts, of 76-day Treasury bills, to be dated Dec. 31 and to mature Mar. 17, 1942, which were offered on Dec. 26, were opened at the Federal Reserve Banks on Dec. 29. The following details of this issue are revealed:

Total applied for	$317,107,000
Total accepted	150,004,000

Range for accepted bids (excepting two tenders totaling $80,000):

High—99.961. Equivalent rate approximately 0.185%.

Low—99.927. Equivalent rate approximately 0.346%.

Average Price—99.935. Equivalent rate approximately 0.310%.

(65% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Dec. 31 in amount of $100,045,000.

Quincy Cass–Luckhurst Install Direct Wire

Luckhurst & Co., Inc., 60 Broad Street, New York City, and Quincy Cass Associates, 530 West Sixth Street, Los Angeles, Calif., members of the Los Angeles Stock Exchange, announce the installation of a direct private wire between their offices.

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Geo. Ralston Becomes M. A. Cayne Partner

CLEVELAND, OHIO — George B. Ralston has been admitted to partnership in M. A. Cayne & Co., Fidelity Building, members of the Cleveland Stock Exchange. Mr. Ralston became associated with M. A. Cayne & Co. in 1940 and has been in charge of the municipal department. Prior thereto he was with Johnson, Kase & Co. and Wm. J. Mericka & Co.

William R. Smith has retired from partnership in the firm to join the Federal Reserve Bank in Cleveland.

John R. Taylor Now Saben Co. Vice-Pres.

BOSTON, MASS.—John R. Taylor, for many years President of Taylor & Co., Inc., has become associated with Saben & Co., Inc., 31 Milk Street, as a Vice-President, the firm announced.

Now Carmichael & Carson

Effective today the firm name of Carmichael, Carson & Asby, 52 Wall Street, New York City, members of the New York Stock Exchange, has been changed to Carmichal & Carson.

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Incorporated
CHICAGO NEW YORK

1853 1942

We take pleasure in announcing that

MR. WILLIAM K. BARCLAY, JR.

and

MR. JAMES A. WILLIAMSON

have today become general partners in our firm, and that the business of Barclay, Moore & Co. has been combined with our own.

Offices will be maintained in Philadelphia in the quarters formerly occupied by Barclay, Moore & Co. located in the Fidelity-Philadelphia Trust Building.

We regret to announce that Mr. E. R. Jones has this day retired from our firm.

STEIN BROS. & BOYCE
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York, Pa. Hagerstown, Md. Cumberland, Md. Washington, D. C.
MEMBERS OF NEW YORK STOCK EXCHANGE
and other leading exchanges.

Baltimore, January 1, 1942.

FREEMAN & COMPANY
30 PINE STREET, NEW YORK

WE TAKE PLEASURE IN ANNOUNCING THAT

MR. JAMES F. COLTHUP

WHO HAS BEEN ASSOCIATED WITH US FOR MANY YEARS IS THIS DAY ADMITTED TO GENERAL PARTNERSHIP IN OUR FIRM.

LEON S. FREEMAN
ERNEST L. NYE
JOSEPH S. NYE
PHILIP H. ACKERT
FRANK L. COLE

JANUARY 1, 1942.

"JOTTINGS"

Now that rationing has moved in, here are some angles.

First, the less comfortable.

Shortages and rationing are likely to become the outstanding and most characteristic aspect of the American economic system—for the duration.

So far shortages appear chiefly in three categories—strategic imports, machinery, and metal products. But in a few months they are likely to crop up anywhere—and almost everywhere.

One reason for this is that defense authorities are getting round to the conversion of civilian plants wherever they can be converted. And where they cannot be converted, the law is likely to be changed soon so that even essential machinery in daily use in non-defense plants may be pulled out for transport to some war plant.

Substitutes are likely to prove a broken reed. Most substitutes of value are already in full use. Last spring many switches were made from aluminum and copper to lead and zinc; then the latter became scarce, too.

Scarcities in some things will only show up in the course of time, because the supply has already been cut off but inventories have so far protected the consumer. For instance, silk imports were stopped last August, but the supply of silk hose is just now running out.

In some ways—at least regards imports—it's our own fault, or the fault of Washington. We were unpardonably slow in our stockpiling program. And the Japanese had to actually get into Malaya and close to Penang before we began to conserve such things as tin and rubber.

Before Pearl Harbor, the calculation ran this way. Take the total production. Subtract what the present defense program calls for. The rest goes to the civilian. Now the calculation is reversed. Take the total production. Subtract the minimum on which civilians can get along. The rest goes to war.

Thus at last we match the economics of the totalitarians. They started war on rations. Their armed forces right from the beginning got everything civilians could be taught to dispense with. This is not gloom, it is realism. The British were contemptuous at first; they said "You can end a war on rations, but not begin it." So they didn't begin their war effort until Dunkirk. Then they learned.

Rationing in some things may come quickly and unexpectedly. The authorities may have to act that way. British "point-rationing" of clothing was suddenly sprung after great secrecy. It had to be, to prevent a preliminary public run which could have embarrassed the program. Even in this country consumers a fortnight ago were on the way to beating rubber rationing. Hence, the initial surprise—no sales of tires till Dec. 11, then till Dec. 22, then till Jan. 5, then the rationing announcement.

Now for the more favorable side.

The more drastic the rationing, the more effective our war-making and the quicker the victory.

At its severest, rationing in this country will be de luxe compared with that in even Britain, let alone Germany and Japan. It will curb what were once thought "essential luxuries." The effect will be only to clip the top off the American standard of living. No food shortages are in sight. Nothing is in sight to compare with the Englishman's need to get along with a four-page newspaper and one egg a week, or the German people's need to give their warm clothing to the Army, or with the average loss of from 20 to 40 pounds in weight of the average adult in Belgium or France, or with the rule that Norwegians can keep only one room in the house warm during the winter.

Rationing is the "democratic" way. It is the consumer's protection, not his exploitation. The alternatives would be (a) an inadequate war effort, or (b) to force the consumer to go without

(Continued on Page 6)

UTILITY PREFERREDS

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PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)
BOSTON, MASS. — **David M. Gallant** has become associated with **Maxwell & Company, Inc.,** 24 Milk Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Albert Alexander Hale,** formerly with Moody's Investors Service, has joined the staff of **Glore, Forgan & Co.** 123 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, IL. — **Maurice Davis** and **Frank L. Stebbins,** for many years with Winthrop, Mitchell & Co., have become associated with **Thomson & McKinnon,** Board of Trade Building.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Vincent Rogers** has become associated with **A. C. Allyn and Company, Inc.,** 100 West Monroe Street. Mr. Rogers was formerly with Haskell, Scott & Jennings, Inc. and J. H. Beall & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Nathaniel Crew Hamilton,** previously with Bond & Goodwin, Inc. and Paul H. Davis & Co., is now connected with **Smith, Barney & Co.,** 105 West Adams Street.

(Special to The Financial Chronicle)
FREEPORT, ILL.—**Henry Albert Lichtenberger** has become affiliated with **John Hucko & Co.,** Old Second National Bank Building, Aurora, Ill. Mr. Lichtenberger was formerly Freeport manager for Jilbert & Co., Inc. and prior thereto was with William H.. Flentye & Co., Inc.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Frank O. Bruck,** formerly with Schwabacher & Co., has joined the staff of **Quincy Cass Associates,** 530 West Sixth Street.

(Special to The Financial Chronicle)
LOS ANGELES — CALIF. — **Alexander Brownridge** and **Dean W. Campbell** are now with **Lester & Co.,** 621 South Spring Street. Both were previously connected with Merrill Lynch, Pierce, Fenner & Beane and Banks, Huntley & Co.

(Special to The Financial Chronicle)
PITTSFIELD, MASS. — **Wilbur P. Smith** has been added to the staff of **J. Arthur Warner & Co.,** 156 William Street.

(Special to The Financial Chronicle)
PORTLAND, ME.—**James J. A. MacKnight** has been added to the staff of **Raymond & Company,** 35 Congress Street, Boston, Mass.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF. — **Robert M. Goodwin,** formerly manager of the trading department of the Chicago office of **Kaiser & Co.,** is now with the firm's main office in San Francisco, in the Russ Building.

(Special to The Financial Chronicle)
SANTA ANA, CALIF.—**William S. Allen** has become associated with **Lester & Co.,** 621 South Spring Street, Los Angeles, Calif. Mr. Allen was previously local manager for Merrill Lynch, E. A. Pierce & Cassatt.

(Special to The Financial Chronicle)
TERRE HAUTE, IND.—**Chester W. Vidal** has been added to the staff of **James E. Bennet & Co.,** Merchants National Bank Building.

(Special to The Financial Chronicle)
YOUNGSTOWN, OHIO — **John D. R. Barbour** has become affiliated with **McDonald-Coolidge & Co.,** whose main office is located in the Union Commerce Building, Cleveland, Ohio. Mr. Barbour was formerly with Wadsworth & Co.

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Bonbright & Co. To Form A Partnership

Bonbright & Company, Incorporated, 80 Broadway, New York City, announce that steps are now being taken for the complete liquidation of that corporation and the formation of a partnership. It is expected that the partnership will commence business on Jan. 2, 1942. The members will be Sidney A. Mitchell, Pearson Winslow, Gail Golliday, August Belmont, all officers of the corporation, and Pierson M. Tuttle.

Arthur Wiesenberger To Admit W. Dodge

Washington Dodge will become a partner in Arthur Wiesenberger & Co., 56 Beaver Street, New York City, members of the New York Stock Exchange, on Jan. 8. Mr. Dodge has been in charge of the firm's investment department; prior thereto he was with Biggs, Mohrman & Co., and the Barrett Company, and in the past was financial editor for "Time Magazine."

Tomorrow's Markets Walter Whyte Says

A reaction of from 2 to 4 points is probable in the general run of stocks, but a number of issues are showing signs of latent strength; more specific suggestions below.

By WALTER WHYTE

Last week I explained that in spite of the poor action of most of the familiar market averages, individual stocks acted better than surface signs indicated. Such a condition, I summed up, placed the market in a better buying than in a selling position.

* * *

Enlarging further on this theory, I explained an old trading rule that the stocks to buy were those that had gone down the most. In the week just passed, the points made were proven. For not only did the worst actors of recent weeks turn around and add as much as ten points to recent prices but lots of other stocks, the so-called secondary issues, joined the "up" parade. All this was accomplished on a sharp step-up in volume.

* * *

Last Saturday, for example, sales reached the million share mark; Monday it approximated the three million share figure, the first time such a volume was seen since the middle of May, 1940. Tuesday, the volume went off a bit but still it came close to the two and a half million share mark. In fact, the last few days of the old year not only brought an increased volume, but also a rally that was the best seen since the early winter of 1940.

* * *

It doesn't take any acuteness to realize, once tax selling was out of the way, that some sort of rally would occur. The surprise lies in the fact that it was so sharp and had so much volume.

(Continued on Page 12)

Father Walsh To Speak State Bankers Meeting

Father Edmund A. Walsh, Vice-President of Georgetown University and head of its School of Foreign Service, will be dinner speaker at the 14th annual midwinter meeting of the New York State Bankers Association, Jan. 19, at the Waldorf-Astoria, New York City, it was announced on Dec. 22 by Eugene C. Donovan, President. Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, will address delegates at the meeting's morning session in the auditorium of the Federal Reserve Bank of New York. His subject will be "Credit and Monetary Policies in Wartime."

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Royal Bank of Canada Shows Large Gains

The annual balance sheet and profit and loss account of The Royal Bank of Canada (head office, Montreal) issued to shareholders on Dec. 27, shows substantial gains under practically all important headings in the year ended Nov. 29, 1941.

Assets increased almost $120,000,000 to a record total of $1,075,119,761. The bank's liquid position continues strong with quickly realizable assets totaling $681,918,309, or 69.56% of the bank's liabilities to the public. Included in this total of liquid assets are notes of and deposits with the Bank of Canada of $86,542,227, cash and bank balances of $101,285,122 and dominion and provincial securities valued at $371,231,959. Advices regarding the bank's year-end report also state:

> Total public deposits also reached a new high figure of $902,152,676, an increase during the year of $97,546,128. In spite of a large volume of withdrawals for the purchase of victory bonds last summer, it is understood that public savings in Canada have since not only regained their previous high point but actually show an increase over the figure of a year ago, the bank's statement points out.

Commercial loans in Canada during the period under review totaled $241,782,846, as compared with $229,451,217 in the previous year. Call loans are up $6,187,000. Foreign loans and loans to cities, towns and municipalities show slight contraction.

Profits were well maintained despite increased operating costs due to larger staff, increased taxes, cost of living bonuses and other factors. After providing for taxes and appropriations for bad and doubtful debts, profits totaled $3,535,928. From this amount usual dividends totaling $2,800,000 were paid. $325,000 was set aside for pension fund society, and $400,000 for depreciation of bank premises. The balance of profit and loss carried forward amounted to $3,209,074, an increase of $10,928.

Baird Snyder Named Acting Wage-Hour Head

Baird Snyder was named Acting Administrator of the Wage and Hour Division by Secretary of Labor Frances Perkins on Dec. 13. Mr. Snyder, who was Deputy Administrator under General Philip B. Fleming, now Federal Works Administrator, will head the Division until further notice.

A native of Pennsylvania, Mr. Snyder became associated with the Federal Government several years ago when he was made principal engineer of the Resettlement Administration. He later became chief engineer of the Farm Security Administration and became connected with the Wage and Hour Division in 1939, becoming Deputy Administrator of the Division in June, 1940.

Happy New Year

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

Considerable speculative interest has developed recently in the Baltimore & Ohio bonds, centering particularly around the unsecured 4½s, 1960 (the junior issue in the debt structure), and the unlisted Secured 4s, 1944, selling, respectively, in the low 30s and the low 60s. The Secured 4s originally carried a coupon of 4½% and matured in 1939. Under the company's Chandler Act debt readjustment the interest rate was reduced and the maturity was extended for five years. The main security behind the bonds is represented by Baltimore & Ohio's stock interest in Reading Company. The unsecured 4½s, 1960, were naturally the most severely affected of the company's obligations by the Chandler Act adjustment, with the entire interest placed on a contingent basis for a period of eight years from Aug. 1, 1938. Obviously, therefore, the growing speculative interest in two such widely separated obligations of a single debtor springs from entirely different premises.

Active buying of the Secured 4s, 1944, which has resulted in a far better-than-average market performance in the weeks since the Japanese attack, is based primarily on the near maturity date and not on any improvement in the status of the underlying security pledged behind the bonds. This issue represents the first major principal maturity problem of the company and recent history supports the contention that the nearest maturity is the one apt to receive buying support from the company itself. Moreover, Baltimore & Ohio is committed, under the terms of its readjustment plan, to a definite policy of debt retirement so long as there are net earnings available for that purpose. After providing for a capital fund and for all accumulations of unpaid contingent interest, the company must currently use 75% of net income as a sinking fund.

It is estimated that there will be close to $5,000,000 available for this sinking fund out of 1941 earnings. With the same earnings in 1942, but without any back accruals of contingent interest to be made up, the sinking fund to be utilized in 1943 would be in excess of $13,000,000. Application of the major portion of these sinking funds to the 4s, 1944, would be sufficient to retire more than 70% of the entire amount outstanding with the public at an average price of 70. It is not considered likely that any of the sinking fund money will be used to reduce RFC debt as this could only be liquidated at face value and not at a discount as open market purchases of publicly held debt may be made. Also, it is not likely that the company would divert funds to retirement of more remote maturities so long as the 1944 problem remains as a threat. The potential market influence of wide-spread company buying of the 4s, 1944, is obvious, and is looked on as an attractive hedge against possible general market weakness that might affect bond issues far better situated from an absolute credit standpoint.

Purchases of the 4½s, 1960, on the other hand, are being made on an admittedly purely temporary speculative basis, predicated on continuation of the war-induced level of traffic and earnings for at least a few years to come. Even this junior issue, however, offers a hedge against general market weakness in that a substantial portion of the current market value is represented by cash income to be distributed next May. Since the effective date of the Chandler Act adjustment only one interest payment has been made on the 4½s, 1960. That payment of $6.67 per bond in 1939 represented earnings for the latter part of 1938. Therefore, there were interest accumulations of $147.08 per $1,000 bond as of the end of 1941.

It is virtually inconceivable that December results of Baltimore & Ohio could be so distorted as to bring earnings for the full year below the level necessary to cover the full accumulations of contingent interest. Payment of the contingent interest is mandatory if earned. Deducting the interest already accumulated from the recent market (around 31), leaves a net cost of only 16¼ for the bonds.

The regular interest rate affords a current return of 27.7% on this net price. The company should experience little difficulty in earning and paying the interest so long as the armament effort continues, and if the high level of traffic and earnings is maintained for a sufficient period it is possible that systematic debt reduction may even go so far as to solve the road's fundamental financial difficulties and eliminate, or postpone for a considerable period, the necessity for a thorough judicial reorganization.

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Sec Orders Hearing

ST. LOUIS, MO.—The Securities and Exchange Commission has ordered a hearing on Jan. 12 at its St. Louis regional office to determine whether the registration of H. L. Ruppert & Co. as a broker-dealer should be revoked or suspended and whether the firm should be suspended or expelled from membership in the St. Louis Stock Exchange.

The SEC charged that the firm had no net capital employed in its business, owed substantial sums to investors and banks, hypothecated and commingled securities carried for different accounts, had not kept proper records, and had failed to disclose that a balance sheet submitted to secure Missouri registration was false.

Pending completion of the SEC investigation, the St. Louis Stock Exchange temporarily suspended the membership of H. L. Brocksmith, Vice-President of H. L. Ruppert & Co., Inc. Mr. Brocksmith stated that the firm had been liquidating accounts for several weeks to prepare for suspension on Dec. 26, had given notice of such intent to supervisory authorities, and that such "action on our part automatically rendered us ineligible to further trade on the St. Louis Stock Exchange." Arrangements have been made to meet all obligations and "it is anticipated there will be no loss to our customers," he added.

Wm. B. Matheson Is Now With Bradbury-Ames Co.

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH. — William B. Matheson has become associated with Bradbury-Ames Co., Grand Rapids National Bank Building. Mr. Matheson was formerly Vice-President and General Manager of Roger Verseput & Co., Inc.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—34 5/6, low—14¾, last—28½.

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Bank and Insurance Stocks

This Week — Bank Stocks

"What's the matter with the bank stocks?" Dealers, investors and stockholders alike are expressing keen disappointment over the market action of New York City bank stocks as 1941 closes, tempered by the thought that perhaps they may be low enough to be "buys" despite flaws in their outlook for 1942.

Since Oct. 1, bank stock prices have plunged 26%, reaching on Dec. 23 their lowest levels since the depression year 1932. By contrast, the Dow Jones composite average of 65 stocks has declined 17% in the same period. From a 4½% yield basis and market equal to book values, bank stocks have declined to a 6% basis (giving effect to latest dividend rates) and 25% discount of book values.

Up to Dec. 4, however, bank stocks were doing no worse despite tax selling than the general market, declining in fact 7%, compared to 8% drop for the Dow Jones 65-stock average. Then the bank stocks ran into the crucial dividend meeting period, which resulted in dividend reductions of 20% and 30% by two leading banks and impaired confidence in the outlook for earnings and dividends. As a result, bidding resistance to tax selling became weaker, and the bank stocks turned independently downward.

In view of their substantial decline, a technical rally appears due in January if war news and market conditions permit. This would be helped by possible re-entry of tax sellers into the market at depressed prices, and by probably favorable annual reports, which are expected to show gains in earning assets and "bread and butter" earnings for 1941, despite the higher costs and declines in yields.

For example, Bank of the Manhattan Co. reports for 1941 a gain of 20% in "bread and butter" earnings, despite higher taxes and other costs and a decline from 2.03% to 1.84% in rate of return on earning assets. This is traceable to the substantial 27% expansion in earning assets.

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For 1942, however, the outlook is clouded by probably lower security profits, higher salaries and other costs, increased taxes and the probability of wartime restrictions upon normal volume of banking loans to civilian industries. Since money rates are under strict Government control, the offset available to create operating earnings would have to be heavier volume of Government securities; but the ability of individual banks to carry heavier volume in relation to their capital funds varies considerably, as do operating expenses.

Under present conditions, therefore, those banks having moderate leverage ratios and good coverage of dividends by present "bread and butter" earnings alone would appear to be in the best position for the coming year. The following tabulation lists the leverage ratios and "bread and butter," so far as determinable, of leading New York City banks:

	Leverage Ratios (X Capital Funds) Earning Assets	Deposits	Net Profits (12 Mos. to Sept. 30, 1941)	"Bread and Butter" (Calendar Year 1940)	Annual Dividends
Bankers Trust	9.00	11.98	$3.15	$3.36	$2.00
Bank of N. Y.	9.60	13,80	20,26	†20.26	14.00
Bank of Manhattan	10.67	15.77	1.18	‡1.37	0.90
Brooklyn Trust	6.77	9.90	5.00	8.55	4.00
Central Hanover	9.06	13.24	6.28	5.77	4.00
Chase National	10.23	14.89	1.93	††	1.40
Chemical	8.37	12.13	2.28	§2.02	1.80
Commercial National	6.66	9.80	12.60	10.89	8.00
Continental	6.91	9.71	1.00	0.91	0.80
Corn Exchange	7.49	11.47	1.79	1.44	2.40
Empire Trust	9.76	13.73	4.41	2.92	3.00
First National	5.93	7,36	103.50	99.23	¶80,00
Guaranty Trust	6.34	8.63	14.87	14.11	12.00
Irving Trust	5.18	7.55	0.71	0.62	0.60
Manufacturers	8.49	11.89	2.37	†3.92	2.00
National City	13.19	17.96	**1.75	1.85	1.00
New York Trust	8.08	13.03	5.17	†5.49	¶3.50
Public National	7.78	9.89	3.35	†3.35	2.00

†For 12 months ended Sept. 30, 1941. ‡Estimated, for year 1941. §Unofficial estimate. ¶Dividend rate recently reduced to above rate. **Exclusive of recoveries. ††Not available.

By "bread and butter" is meant regularly recurring income from lending, investing and other normal banking operations, exclusive of profits on turnover of security portfolio or recoveries. What it is for the purpose of comparing banks is often difficult to determine, because of the absence of detailed income account data and varying accounting practices in the treatment of amortization charges and security profits. With investments constituting 70% of earning assets and contributing 55% of earnings from loans and investments, variance in accounting methods in handling investment income might often lead to wide differences in "bread and butter."

To illustrate, one bank may use reserves to charge off the entire premium on bonds, thus entirely relieving operating earnings of the amortization charge. Then when a bond marked down to par is sold at a premium, the entire premium is treated as security profit. This method, therefore, inflates both "bread and butter" and security profits, and might often lead to surprising results in reported profits when portfolio is being reduced.

Another bank, by contrast, will set up the bond on the books at actual cost, then charge amortization against operating earnings and take into "bread and butter" the net after amortizaiton.

It is in treating replacements that even some of the conservative banks sometimes compromise. For example, in being obliged to sell some 2¾s in the face of impending call, a bank might have to replace these with 2½s, but take in enough of the realized security profit to make the net book return on the new 2½s the same as on the replaced 2¾s.

Then some banks, after realizing security profit, replace the amortization charge element in security profit over book value, to amortization reserves, thus relieving current operating earnings to that extent of amortization charge.

These differences show that even if available, the figures of "bread and butter" may be neither comparable nor conclusive. They are, however, some guide to indicated coverage of dividends by operating earnings alone.

For 1942, it is likely that taxes may become an increasingly important expense item. In absorbing higher taxes and other costs, scale of operating expenses of individual banks show considerable variation, and greater selectivity will therefore be required. Taxes for 1940 (including real estate taxes) totaled $17,500,000 for reporting New York City member banks, or only 6.8% of gross earnings. Surtax of 7% alone, however, on present volume of Governments may add about $7,300,000 to taxes, while normal tax will become increasingly applicable to income as the supply of tax exempts gives way to fully taxable issues.

The new year will probably also see further curtailment in non-defense production and distribution, thus entailing probably shrinkage in civilian loan volume and necessitating increased reliance upon Government securities as an outlet for available funds. A major determinant of bank earnings in 1942, therefore, will be the yields placed on new issues of Government securities, which will influence other money rates as well.

JOTTINGS

(Continued from Page 4)

by letting the cost of living get out of sight.

Rationing would be a hardship only on a public not keyed to a real war effort. "It all depends on how you look at it." The public's rush to enlist and to buy defense bonds indicates its true mood—if anything more warlike than the Government itself. Everybody will be rationed alike. Decentralization of rationing, plus the traditional American attitude of fair play, indicate that everybody will go without alike.

What really will go by the board is "keeping up with the Joneses." In its place will be "keeping down with the Smiths." Rationing will help the American housewife, by reverting to traditional and fast-disappearing American thrift, to help her budget, her husband, and her country at one and the same time.

Rationing makes the problem of price-control vastly easier. Since rationing became pervasive in Britain the cost of living has almost ceased to rise. When consumers are, in their own interest, prevented from running for a shrinking supply of the semi-luxuries of life, demand is artificially but effectively adjusted to supply.

The "democratic" nature of rationing is indicated by the fact that in Britain it was the public which forced it on the Government in many cases, not vice versa.

Rationing will be a great help to defense bond sales. In all but the lowest income brackets in this country, it has been the semi-luxuries, not the necessities, which have taken the spare cash. Rationed down to a frugal but healthy living, the American public will have so much the more additional cash to put into defense bonds.

And the more defense bonds it buys, the less the Treasury will need to (a) raise in taxes or (b) borrow by inflationary methods through the money market from the banks.

Rationing will be a substantial protection against post-war hard times. It will pile up a backlog of needs and wants on the part of the American public to be released as soon as the war is over and industry can be converted back to civilian production. Remember the building boom in this country in the early 'twenties as a result of the residential shortage developed during World War I.

Miscellaneous. . . . It looks as though by the time the banks get 'round to their own daylight saving plan here, to allow for getting their people home early, the Washington authorities may have declared it for the whole country. Savings in electric power consumption would be small but important. Risk from air raids though small, would be further minimized. . . . Decline in Telephone, in the face of increasing earnings, may be due to fear of the same policy the local banks have been following, of dividend cuts to conserve cash. New York Telephone and other affiliates will need large amounts of cash next year for further plant expansion, and the Government or the SEC may not by that time be very favorable to having these needs met through borrowing from the investment market so long as the money can be raised out of "plowed in" earnings. . . . What a change from the philosophy of the undivided profits tax and Section 102 of the Revenue Laws penalizing "undue retention of earnings."

N. Y. Security Analysts To Hear Col. Lewis On War

The January Luncheon Meeting of the New York Society of Security Analysts, Inc. will be addressed by Colonel George Chase Lewis, well-known speaker and authority on military affairs, graduate Army War College, former Commandant of the Army's Overseas Depot, for many years on duty in the Philippines and in the Far East. His subject will be "Philippine Defense and the war in the Far East."

Arthur D. Whiteside, President of Dun & Bradstreet, and until recently head of the steel priorities division of OPM, will be an honor guest and has consented to answer questions from the floor regarding America's defense production.

Reservations for the meeting, which will be held on Jan. 6 at 12:30 p.m., at Block Hall, 23 South William Street, should be made through Miss Lennon of the office of Shelby Cullom Davis, program chairman of the Society (Bowling Green 9-3789). Covers are $1.30 per person including tip, and members may bring guests.

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BANK OF NEW SOUTH WALES
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Paid-Up Capital ________ £8,780,000
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Reserve Liability of Prop. 8,780,000
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Aggregate Assets 30th Sept., 1941 ________ £150,939,354
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Chester Iverson Is Now With Goodbody & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Chester S. Iverson, a member of the Chicago Stock Exchange, has become associated with Goodbody & Co., 135 South La Salle Street. Mr. Iverson was formerly with Merrill Lynch, Pierce, Fenner & Beane, Fuller, Rodney & Co., and Lamborn, Troup & Co.

Church & Kershaw With Brailsford, Rodger Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Garrett S. Church and Glenwood Haigh Kershaw have become associated with Brailsford, Rodger & Co., 208 South La Salle Street, members of the Chicago Stock Exchange.

Our Reporter's Report

(Continued from First Page)

considered as having "missed the boat" unless by some unforeseen means the market reverts to its record high levels.

But with the pressure of excess reserves likely to be eased, so far as the money market is concerned, it looks now more than ever before in the New Deal sponsored easy-money episode, as if the "gilt-edge" market may have passed its zenith for the present cycle.

However, the hope of bond men is that the war effort will necessitate much new plant construction with consequent call for funds to finance such expansion will provide business to offset in part at least any slowing down in refundings.

Such new money financing this year, though not fully up to earlier expectations, proved the best in volume for a considerable period, and accounted for about 38 to 40% of the total of all new financing undertaken.

The proportion in 1939 was below 30%. The extent to which the bankers share in financing of new industrial plant will depend, however, on the scope of the Government's participation in the field.

Treasury Refunding

Secretary of the Treasury Morgenthau is expected to reveal next week details of the huge refinancing which is on its schedule for the early part of the month.

Coincident with his recent new money offering the Treasury head revealed that he planned to refund through an issue of new securities, a total of $1,076,000,000 of direct and agency issues coming due in the first quarter.

The Treasury itself has $426,000,000 of 1¾% notes maturing March 15, and in addition the January operation will provide for $311,000,000 of Reconstruction Finance Corporation notes and two Federal Farm Mortgage issues in the amount of $339,000,000.

It is expected in Government bond circles that Mr. Morgenthau will do this job in one operation, but will forego any call for new money at this time.

Finishing With A Rush

Junior grade railroad liens set the pace for the listed market in the closing sessions of the year moving up with a rush from the depressed levels of a week ago.

Secondary carrier issues, nevertheless, have provided day to day traders in the bond market with their best opportunities throughout the year.

For weeks, however, with the wage negotiations going on, and then early this month on the outbreak of war in the Pacific superimposed on the customary year-end tax-selling they had been in a definite downtrend.

With the lifting of tax-selling, however, and a little better complexion on the war news, something of a vacuum developed and sharp run-ups were the rule throughout that quarter of the list.

Next Big Issue

The next big financing operation slated to go into registration is that of the Schenley Distillers Corporation designed to provide for funding of its outstanding $29,500,000 in bank loans.

Bankers who will handle this business indicate plans call for early filing of registration of $27,500,000 of debentures of the total $10,000,000 will be in the form of sinking fund bonds due in 1952, and the balance will mature in 1957.

The sinking fund portion of the issue, it is expected, will be covered by provisions sufficient to retire the full $10,000,000 by maturity.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of G. Clinton Miller, deceased, to Clark Williams will be considered on Jan. 8.

Allen T. West, general partner in G. H. Walker & Co., making his headquarters in the firm's St. Louis office, has become a special partner as of today. Philip H. Watts, Exchange member, retired from partnership in the firm on Dec. 31.

Herbert R. Johnson, general partner in Orvis Brothers & Co., New York City, became a limited partner effective today.

Orville H. Bullitt, general partner, became a limited partner in W. H. Newbold's Son & Co., Philadelphia, today.

Bernard J. Harrison, member of the New York Stock Exchange, became a limited partner in Henderson, Harrison & Co., New York City, as of Dec. 31. He was formerly a general partner in the firm. On the same date Edgar Palmer, a limited partner, withdrew from the firm.

H. D. Fransioli, Exchange member, a limited partner in Fransioli & Wilson, New York City, will become a general partner on Jan. 2. The firm's office is now at 14 Wall Street, at W. E. Hutton & Co.

Allan Bond, special partner in Bond, McEnany & Co., New York City, became a general partner in the firm effective today.

Frank F. Thompson retired from partnership in James E. Bennett & Co., Chicago, on Dec. 31.

Hartwell P. Morse, partner in Geo. D. B. Bonbright & Co., Rochester, N. Y., with headquarters in Binghamton, retired from the firm on Dec. 31.

Charles H. Blair withdrew from partnership in Carlisle & Jacquelin, New York City, on Dec. 31.

Hugh Cassel has withdrawn from partnership in H. Cassel & Co., New York City, as of Dec. 29.

Schuyler J. Bergen, member of the New York Stock Exchange, retired from partnership in John V. Dunne & Co., New York City, on Dec. 31.

William B. Thompson retired from Filor, Bullard & Smyth, New York City, on Dec. 31.

Charles W. Welsh, special partner in Robert Glendinning & Co., Philadelphia, is withdrawing from the firm as of today.

E. L. Geary, partner in Hornblower & Weeks, with headquarters in Boston, retired from partnership in the firm Dec. 31.

Henry W. Brower retired from partnership in Laidlaw & Co., New York City on Dec. 31.

Stanley A. Russell withdrew as a partner in Lazard Freres & Co., New York City, on Dec. 31.

E. Wright Noble, William H. Raye, Mary S. Pope, and Earle H. Rodney, member of the New York Stock Exchange, all limited partners in Merrill Lynch, Pierce, Fenner & Beane, New York City, withdrew from the firm on Dec. 31.

Richard K. Buechler retired as a partner in Newman Bros. & Worms, New York City, on Dec. 31.

Abraham Eller retired from partnership in Salomon Bros. & Hutzler, New York City, on Dec. 31.

Frank A. Schirmer, special partner in Schirmer, Atherton & Co., Boston, Mass., withdrew from the firm on Dec. 31.

Thomas W. Merritt, general partner, and William Simpson, limited partner, retired from Shields & Co., on Dec. 31. Mr. Merritt made his headquarters at the firm's Chicago office.

J. Ritchie Kimball retired from Smith, Barney & Co., New York City, on Dec. 31.

Elisha Riggs Jones withdrew from partnership in Stein Bros. & Boyce, Baltimore, Md., effective Dec. 31.

Andrew M. Montgomery, Milwaukee, and Bernard E. Smith, member of the New York Stock Exchange, withdrew from partnership in Thomson & McKinnon, New York City, as of Dec. 31.

Barclay, Moore & Co., Philadelphia, Pa., dissolved as of Dec. 31.

Loeb, Alsberg & Co., New York City, dissolved Dec. 31 1941.

"Banking" Outlines Tax And Defense Bond Plan

A plan to assist both income taxpayers and the Government under which taxpayers would have the option of buying a special type of defense bond in lieu of paying part of their taxes is outlined in the "Condition of Business" survey by William R. Kuhns, editor of "Banking," journal of the American Bankers Association, in the publication's January issue. The survey points out that during the coming year, income tax payments will offer increasingly serious competition to sales of the Treasury's defense bonds, when in fact both the bond and tax programs have a single objective—raising needed money for the defense program.

The article sets forth that the Treasury might, under the plan, offer all income taxpayers the privilege of meeting a portion of their taxes by purchasing the special bonds, which would not be redeemable until after the war has been won. Satisfactory ratios of bond purchases to tax payments could be worked out to meet the Treasury's needs and the financial position of taxpayers, the survey declares; it adds:

> This would be nothing more than frankly facing the realities of the situation. The whole program of selling bonds for war purposes faces a barrier of sales resistance in the form of tax obligations, whereas the two things are identical from the point of view of the Treasury, which simply needs money to defeat our country's enemies.
>
> The proposition would be an out-and-out choice between war taxes and war bonds, the ratio being fixed on a reasonable basis which would also take into consideration the market and public psychology. One big advantage of such a plan would be to relieve the depressing effect of heavy taxes on public morale and another would be to eliminate the vast promotionary effort needed to sell defense bonds under present circumstances.

Production Credit Associations Busy

More farmers and ranchers are now borrowing from production credit associations throughout the country, than at this time last year and loans are larger, the Department of Agriculture reported on Dec. 24. This increase activity, it is said, is attributed largely to the efforts of farmers and ranchers to attain production-for-victory goals. During the first 11 months of 1941, loans made by the production credit associations amounted to approximately $374,000,000 compared to $315,000,000 for the same period of 1940.

"Many farmers are in need of extra cash to carry out their 1942 individual goals," said C. R. Arnold, Production Credit Commissioner, "and many of them are turning to the associations for their funds. Loans are made for all sorts of agricultural production activities and for new equipment in many instances."

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Investment Trusts

The management of Affiliated Fund, Inc., which more than a year ago had instituted an investment policy of selling securities on rallies, and accordingly, of building up a large reserve of cash and Government obligations, has been prompted to activity by the market decline. This change in management sentiment was indicated in a special communication to shareholders, mailed over the weekend—in advance of the mailing, due soon, of the regular annual report. In the special communication, Andrew J. Lord, President of the Fund, discussed "the current status and future outlook for the securities markets"; and expressed the management's belief that a fundamental change was near at hand in the market, from a long deflationary trend to a long-term inflationary upturn.

Mr. Lord said:

"The history of the company (Affiliated Fund, Inc.) may be divided roughly into two periods: the first from inception in June, 1934, to March of 1937; and the second from March, 1937, to the present. During the earlier period, stock market prices were in an advancing trend, and the shares of the company showed a handsome appreciation, in addition to paying substantial dividends. In the latter period, stock averages have declined persistently, and the shares of the company have shown more than average depreciation. During the past year, however, the leverage factor has been largely offset by holdings of cash and governments in the portfolio, with the result that the decline in the value of the shares has been much smaller than if the funds of the company had been fully employed.

"Although the management policy until September was to build up this large reserve of cash and governments (close to $8,000,000) to the end that the capital of the shareholders might be preserved, we have begun to employ these funds within the past two or three weeks. A portion of the cash was obtained by the liquidation at a profit of approximately one-third of our position in medium-grade bonds. This position is now being retaken at substantially lower levels, and it is anticipated that buying, of both stocks and bonds, will be accelerated on further market weakness.

"This change is of importance to shareholders, and we feel that they are entitled to a statement concerning it. Selected bonds and stocks are cheap today by many yardsticks, and the prospect is for substantial earnings and dividends—even after increased taxation—for our leading commercial enterprises.

"There is another factor, however, which is coming to assume increased importance. The term 'inflation' has been bandied about for several years, and we have been disposed to give it little weight in our management considerations because it has seemed to us that deflation was the order of the day.

"But as the tides of the sea ebb and flow, so do the economic tides rise and fall. Inflation is already here in many fields. Commodity prices have already risen, and the housewife experiences the inflation trend in the cost of living. Clothing, rents, new building, tires and food, have already reflected the inflationary processes that are at work. And in our opinion it is only reasonable to suppose that the cost of securities — particularly common stocks—will experience the same inflationary tendencies. The selected issues which we have begun to buy produce an unusually attractive return—opportunities that are present only when the rank and file of investors are thoroughly discouraged about the outlook. We think that these purchases will, moreover, show appreciation as the inflation factor becomes effective."

In addition to explaining the management's belief that in 1942 a *value-gaining* job can be done

(Continued on Page 10)

FUNDAMENTAL INVESTORS, INC.
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Municipal News & Notes

The nation's tax bill for State and local government rose to all-time records in 1940 and 1941, at a time when Federal collections were jumping to unprecedented levels to meet the costs of rearmament and war, according to the National Industrial Conference Board.

State and local taxes reached a total of $8,538,000,000 in 1940, nearly $400,000,000 greater than the previous peak in 1938, and a preliminary estimate indicates that they rose to about $8,925,000,000 in 1941.

These figures compare with total Federal tax collections of $5,569,000,000 for 1940 and a record $7,673,000,000 for 1941. Higher rates on a considerably larger national income indicate that there will be an even greater increase in Federal collections in the fiscal year 1942.

The highest per capita State and local tax bill in 1940 was paid in New York and amounted to $108.77. New Jersey followed with $97.29 per capita. Next in order were California, $92.14; Nevada, $90.11; Massachusetts, $87.76; Connecticut, $83.82; Illinois, $78.24; Rhode Island, $77.61; New Hampshire, $74.62, and Arizona, $71.30. The United States average was $64.70 per capita.

Local Finance Supervision By States

To aid their local governments in financial practices, and to adjust state-local fiscal relationships generally, each of the 48 States has set up some type of administrative supervision, a study issued by Public Administration Service shows.

The study, by Wylie Kilpatrick, Government Finance authority, pointed out that few of the states, however, have attained a well-rounded approach in their supervision. Dr. Kilpatrick recommends a single department in the State to supervise all local financial functions, and a separate State Commission on local finance to "bridge the gap between State and local governments in an impartial, non-partisan, and technically specialized manner."

Two general types of state supervisory agencies are found at present, according to the study. The main type, usually an accounting agency, handles audit, budget and debt functions in connection with the local governments. A secondary type performs such functions as budget supervision or serves as an appellate body to pass upon the amounts or legality of bond issues, budgets or tax levies.

State supervision of local government finance was introduced half a century ago, to insure the receipt of all state tax dollars, and later came to include improvement in local administration. Wyoming, in 1890, was the first state to adopt an act interrelating supervision of accounts, audits and reports.

High Court Rules On Gas Tax Claims

The U. S. Supreme Court ruled last week that the Federal Government has prior claim for gasoline taxes over the claims of a State, in the settlement of an insolvent Texas gas dealer's estate. The Texas Supreme Court ruled that the State had first rights, mortgage holders second and the Government third. Overruling the lower court, the decision of the Supreme Court held that mortgage holders came first, the Federal Government next and the State third.

Penna. Law Says Farewell To Long-Term Bond Issues

Municipal officers carrying on the old tradition of liberal borrowing by bond issues, postponing first payments until they are out of office and extending the final maturity date an almost indefinite period—30 years was a favorite one—now must cope with a new situation, legal restrictions on their former prerogatives. Act 87 of the 1941 session of the Pennsylvania Legislature is a simplification of the myriad of laws passed in the last 75 years affecting municipal bond issues.

The Act provides that all bonds must mature serially in annual installments starting in the second year after the date of issue, except for small issues, where the rule may be relaxed to make the bonds saleable. Municipal bonds have been issued in the past which did not begin to mature for five or ten years after sale.

The law further provides that bonds must mature within the period of usefulness of the property or improvement to be purchased by the proceeds—an apparently drastic restriction, since so many sewer and road bonds floated in the last 20 and 30 years are still being paid for while the sewers or roads have long since disappeared or been changed out of all similarity to their original plans. — Wilkes-Barre Independent.

New Jersey's Bond Debt Reduced

A $75,000,000 drop in New Jersey's bonded indebtedness in the past five years is hailed by C. Armel Nutter, President of the New Jersey Association of Real Estate Boards, as a "step in the direction of government economy and lower taxes."

"Our municipal and county governments throughout the State should be urged to folow the lead of the State government in this respect," said the realtor head.

"The State's gross bonded debt which in 1935 was nearly $200,000,000 now is down under $120,000,000. This trend is commendable and should be encouraged."

Miss. Road Bond Issue Advocated

State Highway Commissioner T. J. Lowry is advocating enactment at the forthcoming session of the Mississippi Legislature of authorization for the issuance of $10,000,000 bonds, to be used for supplemental road building in 1942 and 1943.

The Commissioner is quoted as saying the bonds could be issued without an increase of the current six-cents a gallon state tax on gasoline.

He said he is opposed to a $40,000,000 to $50,000,000 additional issue, as advocated by some, even though he said the bonds perhaps could be sold at a low interest rate.

Records of the State Highway Department show that since 1936 Mississippi has spent more than $100,000,000 for highway construction. The funds included $60,000,000 of state funds; the remainder in Federal, including several millions of WPA funds.

Oregon Lifts State Property Tax

For the first time in Oregon's history there will be no property tax for State purposes, including the elementary school levy, under the schedule filed last week for the first six months of 1942.

The Tax Commission said 1941 income tax receipts exceeded estimates by $1,821,058, and added it was probable there would be no property levy for the fiscal year starting next July 1.

FLORIDA

FLORIDA MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

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Missouri River Diversion Pushed

Diversion of waters of the Missouri River for irrigation of 1,300,000 acres of ranch and farm land in Montana, Western North Dakota and South Dakota and in other Great Plains states, got a big boost recently at Bismarck, with indications best in several years that this long-fought-for and greatly desired project may be obtained.

This new impetus was applied at a regional meeting of the National Resources Planning Board with representatives present from Montana, North and South Dakota, Wyoming and Nebraska, all states which stand to profit by the diversion which it is asserted will add $20,000,000 a year in crop and livestock farm revenue and would increase the population of the area by 125,000.

Alaska Exhibits Remarkable Progress

Alaska, the bountiful, is worth more today in realized wealth than at any time in its history, and is at the same time of high strategic importance as a link in the national defense. To many it will come as a surprise to read in the report of Governor Gruening that the gold production in 1940 of $26,178,000 in bullion actually exceeded that of the gold rush of 1897-1899. That is more than 3½ times the purchase price of $7,200,000 paid to Russia, also in gold, back in 1867, when Andrew Johnson was President. That does not begin to tell the story, for the value of the fishery products last year of this territory, without a nickel of public debt, exceeded $36,000,000, a shrinkage of $3,000,000 from the figures of 1939.

In a decade the population of Alaska has increased 35%, but though its area is 584,000 square miles, its population is only about 80,000. One of its principal handicaps has been lack of good communication by rail and public highway. The existence of no fewer than 155 airfields shows how its people, fully abreast of the times, seek to overcome that handicap.

Scranton Sells School Bonds

Indicating that the market has regained its inherent stability since the initial shock of the "shooting war," Scranton School District, Pa., sold $519,000 bonds on Tuesday to Halsey, Stuart & Co., Inc. The successful bidder received the award on 100.54 for 2¾s. On Dec. 8, immediately after the outbreak of the Japanese conflict, the district obtained only two bids, the highest of which was an offer of 100.51 for 3s, submitted by the above named firm. The issue is said to have attracted good public demand upon reoffering and only a small portion remained in the account late Tuesday.

Housing Bonds Reoffered

Nine Local Housing Authorities, which postponed their offerings of Series A bonds totaling $7,672,000, after the outbreak of hostilities with Japan, have announced the reoffering of the bonds for Jan. 7th.

Secured by a pledge of revenues to be derived from operation of the projects and by annual contributions, equal to or greater than the maximum principal and interest requirements, to be made to the issuing authorities by the United States Housing Authority, these Series "A" bonds have so far commanded prices comparable with high-grade general obligation municipal credits.

The largest individual item of the sales will be the $3,742,000 Philadelphia Housing Authority issue, which matures 1942-71.

Newark Housing Authority is offering $1,920,000 and Jacksonville, Fla., will receive bids on $675,000.

Other sales are: Cambridge, Mass., $266,000; Danville, Ill., $136,000; Gary, Ind., $466,000; Henry County, Ill., $54,000, Lawrence, Mass., $220,000; and Pawtucket, R. I., $193,000.

The Henry County issue matures 1942-58, and the remainder 1942-61.

Orleans Levee Sale Cancelled

An indication of the still relatively poor status of the municipal market was given last week when the Board of Commissioners of the Orleans Levee District in Louisiana decided, in view of prevailing conditions, to postpone the sale of the $3,994,000 issue of refunding bonds, which had been scheduled for last Monday.

Debts of Five Major Nations Show Rise In 1930-1940 Period

Debts of five major nations increased 20 to 600% during the decade 1930-1940, a comparative analysis by the Federation of Tax Administrators shows.

Germany, spending heavily on war preparations during the period, ran up indebtedness to a 1940 level six times that of 1930, the greatest increase of the nations reported. The Japanese national debt increased 500% in this period, during part of which Japan waged war on China.

Britain, not actually at war until the middle of the fiscal year 1940, showed a debt increase of less than one-fifth during the decade, most of the rise occurring after 1938.

Between the two extremes were Canada and the United States, whose respective debts increased 58 and 165%.

The 1930-1940 debt increases appear trivial beside those which will result from the greatly expanded outlays of all these countries at the present time, it was pointed out.

Germany's national debt recently was estimated at more than 100 billion marks—one and one-half times the 1940 figure. The British budget of 1941-42 showed that about half of the expenditure of 4,200,000,000 pounds will be borrowed, thus increasing the debt in one year by more than was added to it during the entire decade preceding.

U. S. Treasury estimates indicate that about $6,000,000,000 of indebtedness was incurred in 1941, and that this will be augmented by $13,000,000,000 more during the present fiscal year.

Information for the analysis was supplied from the research files of a study on public debt now in progress under Dr. Simeon E. Leland of the University of Chicago.

Jan. 5th

$1,919,000 Bay Co., Fla.

No bond sales have been negotiated recently by this county.

$499,830 Okeechobee Co., Fla.

The same observation as noted under the Bay County entry above.

Jan. 6th

$851,000 Onondaga Co., N. Y.

On Oct. 9 the county awarded bonds to F. S. Moseley & Co. of New York, and the Marine Trust Co. of Buffalo. Second highest bidder was Dick & Merle-Smith of New York.

Jan. 7th

$7,672,000 USHA Bonds

Refer to remarks given above on this group of offerings.

Jan. 15th

$4,250,000 Birmingham, Ala.

Last March this city awarded bonds to a syndicate headed by Blyth & Co., Inc., of New York. Second highest bid was entered by Blair & Co., Inc., of New York, and associates.

U. S. And Martinique Conclude Agreement

An agreement between the United States and Martinique was entered into on Dec. 18 which, according to Secretary of State Hull, guarantees the status quo of this French Caribbean naval base against any Axis menace. The accord, which was negotiated by U. S. Admiral Frederick J. Horne with Rear Admiral Georges Robert, High Commissioner for French possessions in the Caribbean, was described by Mr. Hull as a continuation of the status quo agreement reached with Martinique officials at the time the United States acquired off-shore naval bases from the British. He said the agreement contains a few supplements concerning shipping facilities to provide the people of Martinique with continued food and other vital supplies.

Associated Press Washington advices of Dec. 18 said concerning the agreement:

> Under the agreement, it was learned, the United States will continue to permit trade with French possession in the Caribbean, in return for pledges that French vessels and nationals there will take no action detrimental to the United States and American interests.
>
> An obvious interpretation of the agreement, it was said, would be that—despite Nazi efforts to secure closer Franco-German collaboration — French possessions, vessels and troops in France's American territories would not be taken over by the Axis.
>
> The friendly agreement will also, it was said, make it unnecessary for the United States to take any military action to insure that French territory or warships on this side of the Atlantic will not be used in any way against any of the American republics.

* * *

Dispatches from Fort de France quoted Admiral Robert as announcing that President Roosevelt had sent personal assurances that the French territories would not be attacked.

* * *

One point of worry for the United States has been the presence in the harbor of Fort de France of French naval craft, including an aircraft carrier and a cruiser. Allied nations have been concerned lest the Vichy Government turn over the French fleet to the Axis.

Forms Thos. Jordan Co.

NEW ORLEANS, LA.—Thomas Jordan, member of the New York Stock Exchange, and G. E. Jordan have formed Thomas Jordan & Co. with offices at 615 Commercial Place. Mr. Jordan was formerly in business as an individual.

Now Nugent & Igoe

NEWARK, N. J.—The firm name of Nugent, Igoe & Manning, 21 Commerce Street, members of the New York Stock Exchange, effective today was changed to Nugent & Igoe.

Statute Makes Brokers Liable For Misleading

Brokers are violating the Perishable Agricultural Commodities Act when their wires to sellers falsely indicate that they have consummated a sale of produce, the U. S. Department of Agriculture said on Dec. 23.

The Department says brokers sometimes wire shippers that a carload of produce has been sold without advising that the buyer only offered to purchase subject to inspection and acceptance on arrival. Other times, it is said, sellers discover after the shipment arrives that no price has been agreed upon, the deal being nothing more than a "price arrival sale." With regard to such cases, the Department has taken the position that "statements by the broker indicating that a sale has been made, when, in fact, no enforceable contract has been entered into, will subject the broker to a complaint alleging false and misleading statements in violation of the Act." The Department further explains:

> Thus it is important that the same terms and specifications be agreed upon by both seller and buyer, and that the broker issue a confirmation or memorandum, in writing, that clearly sets forth all the essential specifications of the contract of sale. This confirmation in writing should be made immediately—not two or three days later or after the shipment has arrived—and invoices and manifests do not serve this purpose. In case of rejection the broker may find himself liable for losses if he has falsely led the shipper to believe he has made a definite sale.

OPM Takes Control Of All Tin Supplies

The Office of Production Management on Dec. 17 took control over all tin supplies in the United States, including shipments already en route to this country. The "freezing" order issued by Donald M. Nelson, Priorities Director, provided that:

1. All supplies of tin shall be subject to allocation and to designation as to their use.
2. No tin may be sold or delivered without the Priorities Director's specific permission.
3. Future tin imports may be sold only to the Metals Reserve Company or other Governmental agencies.
4. Tin now afloat may not be sold without the Priorities Director's special permission.

Over 1,000,000 Tons Of Lend-Lease Food To Great Britain

The British Food Mission in the United States on Dec. 24 advised Secretary of Agriculture Claude R. Wickard that the one millionth ton of American food being shipped to Great Britain under the Lend-Lease Act had arrived safely overseas. In a letter to Secretary Wickard, R. H. Brand, head of the British Food Mission, said that he had received a telegram from Lord Woolton, British Minister of Food, informing him of this "splendid achievement" and expressing congratulations and thanks.

Secretary Wickard, in praising American farmers for making possible "this splendid record," said:

> It adds a note of cheer to our traditionally bountiful Christmas season to know that food from our well-filled national larder is being safely delivered to our friends abroad.
>
> It is a tribute to the determination of American farmers to produce abundantly to meet the greatly expanded needs of our own people as well as those with whom we are joined in the struggle for human freedom.

Xmas Holiday Congress

An informal holiday of two weeks was begun by Congress on Dec. 22 following advices to House members on Dec. 20 by Speaker Rayburn that they were free to go home for Christmas. Representatives and Senators who stay in Washington, however, said the Associated Press, will hold time-marking sessions on Monday, Tuesday and Friday to conform with current rules which prohibit recesses of more than three days. From the Associated Press Washington accounts Dec. 22 we also quote:

> In the offing were such measures as:
>
> A drastic tax bill which may include a sales tax or a plan whereby employers will withhold a percentage of their workers' pay and turn the money over to the Government; a price-fixing bill to prevent skyrocketing costs and inflation, but placing no ceiling on wages; an anti-strike bill to outlaw work stoppage in war industries; a bill to eliminate a billion and a half dollars a year of non-defense spending.

President Roosevelt Voices Confidence In Army And Navy Forces

In a message of Christmas greeting to the Army and Navy, President Roosevelt on Dec. 23 expressed confidence that in the year ahead the Army and Navy "will triumph on all fronts against the forces of evil which are arrayed against us." His message follows:

> To the Army and Navy:
>
> In the crisis which confronts the Nation, our people have full faith in the steadfastness and the high devotion to duty demonstrated by the men in all ranks of our Army and Navy. You are setting an inspiring example for all the people, as you have done so often in the past. In sending my personal Christmas greeting to you I feel that I should add a special measure of gratitude to the admiration and affection which I have always felt and have expressed in other years. I am confident that during the year which lies before us you will triumph on all fronts against the forces of evil which are arrayed against us.

November Construction Volume $458,620,000

Curtailment of non-defense construction was reflected in the November record of contracts awarded, according to an announcement of F. W. Dodge Corporation Nov. 19. Last month's contract total for the 37 Eastern States amounted to $458,620,000, a decrease of 24% from the October figure, but, on the other hand, an increase of 21% over November, 1940. Part of the decline from October, however, is explained by the fact that the number of business days in November was fewer by four than the number in October. The announcement further said:

> Non-residential building contracts in November ran 30% ahead of the corresponding month of 1940; residential building ran 24% behind; public works and utilities ran 89% ahead.
>
> The construction contracts awarded during the first 11 months of this year reached a total of $5,575,848,000, an increase of 57% over the corresponding period of 1940.
>
> Commenting on the construction situation, Thomas S. Holden, President of F. W. Dodge Corporation, stated: "Defense construction programs are being stepped up considerably beyond estimates made in mid-November by Governmental and private agencies. Enlarged programs are being formulated for Army, Navy and Air Corps and for defense plant expansion. Record-breaking defense plant expansion, seven-day three-shift defense production, and unemployment in non-defense areas are likely to cause greater migration of workers to defense areas than we have yet seen, tending to intensify housing shortages and defense housing needs. Next year's construction volume is therefore apt to be considerably larger than appeared likely a few weeks ago. Even with non-defense activity pared to a minimum, total construction expenditures next year may not lag far behind the post-depression record volume of 1941."

Illinois Employment Up

Reports from 6,504 combined Illinois industrial and business establishments indicate an increase of 0.5% in employment with a decline of 0.4% in payrolls for wage earners in these establishments from October to November, 1941, according to an announcement issued Dec. 20 by the Illinois Department of Labor. These percent changes are based on reports covering a sample group of 808,568 wage earners in Illinois manufacturing, trade, service, public utility, coal mining, and building construction establishments. The Department's announcement further said:

> The employment and payroll changes for the month are slightly more favorable than the usual changes for the period. The average October to November changes for the previous 18-year period (1923-1940) were average declines of 0.4% for employment and 1.5% for payrolls. Declines in both employment and payrolls from October to November were recorded in 11 of the previous 18 years, and increases in both series in the years 1925, 1928, 1936, 1938, and 1940.
>
> On the basis of available information it is estimated that there were approximately 290,000 more persons employed by non-agricultural establishments in Illinois during November 1941 than during the same month of last year and approximately 380,000 more than in November 1939. It is also estimated that there were approximately 300,000 more employed in November 1941 than during September 1937 which was the peak employment month in that year.

FINANCIAL NOTICE

NOTICE TO THE HOLDERS OF:

Kingdom of Denmark

Twenty Year 6% External Gold Bonds, Due January 1, 1942

The undersigned Minister of Denmark in Washington makes the following statement for the information of bondholders of the above-described issue (hereinafter referred to as the "6% Loan"):

Under existing conditions the Kingdom of Denmark is not at this time in a position to meet the maturity on January 1, 1942 of $30,000,000 principal amount of the 6% Loan.

For the purpose of paying January 1, 1942 coupons of the 6% Loan, I propose to put The National City Bank of New York, 55 Wall Street, New York City, Fiscal Agent, in funds so far as it is estimated to be necessary to make coupon payments to holders of bonds other than those held for account of residents of Denmark. The purpose of so excluding residents of Denmark is to conserve, to the greatest extent possible, dollar exchange available to Denmark for possible future use in connection with external debt service. January 1, 1942 coupon payments will be made subject to such licence as may be granted to the Fiscal Agent by the United States Treasury.

It is contemplated to make subsequent pertinent announcements in due course with a view to informing bondholders of the future status of the Loan.

HENRIK KAUFFMANN
Envoy Extraordinary and
Minister Plenipotentiary of
His Majesty the King of Denmark

Washington, D. C., December 24, 1941.

DIVIDEND NOTICE

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., December 22, 1941.

The Board of Directors has this day declared a dividend of One Dollar ($1.00) per share, being Dividend No. 116, on the Common Capital Stock of this Company, payable March 2, 1942, to holders of said Common Capital Stock registered on the books of the Company at close of business Dec. 31, 1941.

Dividend checks will be mailed to holders of Common Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer.
120 Broadway, New York, N. Y.

Savings, Loan Dividends Highest In Twelve Years

Distribution of dividends for the last half of 1941 totaling an estimated $81,600,000, will be completed by the Nation's savings, building and loan associations on Dec. 31, according to Fermor S. Cannon, President of the United States Savings and Loan League. He pointed out that approximately 7,000,000 persons will share in the distribution of earnings from the most active home lending period the associations have had in 12 years. Mr. Cannon said that some $5,000,000 of the dividends this year's end are to be paid on money placed in the associations during the past six months, and that between 200,000 and 300,000 people are receiving their first dividends this time. He added that dividends were paid by approximately 7,500 savings, building and loan associations in every State, in the Territory of Alaska, and so far as he can gather, in Hawaii, as usual.

Comparative Figures Of Condition Of Canadian Banks

In the following we compare, the condition of the Canadian banks for Oct. 31, 1941, with the figures for Sept. 30, 1941, and Oct. 31, 1940:

STATEMENT OF CONDITION OF THE BANKS OF THE DOMINION OF CANADA

Assets—	Oct. 31, 1941 $	Sept. 30, 1941 $	Oct. 31, 1940 $
Current gold and subsidiary coin—			
In Canada	6,441,246	6,568,160	6,033,837
Elsewhere	2,996,265	3,089,578	4,107,118
Total	9,437,511	9,657,738	10,140,955
Dominion notes	--------	--------	--------
Notes of Bank of Canada	86,421,782	94,056,632	82,477,135
Deposits with Bank of Canada	231,791,351	207,461,132	221,680,684
Notes of other banks	2,238,302	3,256,567	3,289,274
United States and other foreign currencies	33,721,038	33,905,180	28,835,634
Cheques on other banks	156,986,736	146,148,459	128,475,974
Loans to other banks in Canada secured, including bills rediscounted	--------	--------	--------
Deposits made with and balance due from other banks in Canada	2,995,685	2,535,690	4,217,313
Due from banks and banking correspondents in the United Kingdom	41,937,737	41,609,700	35,507,856
Due from banks and banking correspondents elsewhere than in Canada and the United Kingdom	160,317,309	158,513,950	154,446,980
Dominion Government and Provincial Government securities	1,407,020,943	1,454,898,857	1,282,980,818
Canadian municipal securities and British, foreign and colonial public securities other than Canadian	145,000,887	150,295,912	135,527,407

Assets (continued)—	Oct. 31, 1941 $	Sept. 30, 1941 $	Oct. 31, 1940 $
Railway and other bonds, debs. and stocks	90,847,543	90,539,854	101,031,125
Call and short (not exceeding 30 days) loans in Canada on stocks, debentures, bonds and other securities of a sufficient marketable value to cover	37,432,281	36,313,422	40,933,817
Elsewhere than in Canada	45,653,550	47,376,058	42,539,880
Other current loans and discts. in Canada	1,146,857,168	1,143,203,420	1,024,278,286
Elsewhere	131,919,945	132,153,688	126,245,970
Loans to the Government of Canada	--------	--------	--------
Loans to Provincial governments	8,392,059	10,691,446	13,967,670
Loans to cities, towns, municipalities and school districts	77,826,714	83,325,030	99,366,176
Non-current loans, estimated loss provided for	5,165,942	5,285,361	7,063,418
Real estate other than bank premises	6,799,388	6,690,739	7,277,262
Mortgages on real estate sold by bank	3,415,058	3,550,775	3,658,545
Bank premises at not more than cost less amounts (if any) written off	69,900,628	70,337,167	71,093,520
Liabilities of customers under letters of credit as per contra	112,278,929	104,096,726	68,047,529
Deposit with the Minister of Finance for the security of note circulation	4,485,721	4,482,528	4,826,410
Shares of and loans to controlled companies	10,658,644	10,906,253	11,220,195
Other assets not included under the foregoing heads	1,889,447	2,138,741	1,946,013
Total assets	4,031,392,410	4,053,430,876	3,711,076,139

Liabilities—	Oct. 31, 1941 $	Sept. 30, 1941 $	Oct. 31, 1941 $
Notes in circulation	82,243,767	82,024,348	91,624,793
Balance due to Dominion Govt. after deducting adv. for credits, pay-l'sts, &c.	220,296,198	316,501,831	176,379,820
Advances under the Finance Act	--------	--------	--------
Balance due to Provincial governments	64,455,854	54,895,963	60,491,202
Deposits by the public, payable on demand in Canada	1,135,522,582	1,110,338,832	941,278,748
Deposits by the public, payable after notice or on a fixed day in Canada	1,591,700,076	1,555,152,222	1,599,463,510
Deposits elsewhere than in Canada	460,130,348	457,742,625	405,307,597
Loans from other banks in Canada secured, including bills rediscounted			
Deposits made by and balances due to other banks in Canada	13,876,810	12,661,360	12,714,407
Due to banks and banking correspondents in the United Kingdom	19,635,511	20,250,665	29,073,025
Elsewhere than in Canada and the United Kingdom	28,948,220	30,027,540	26,900,012
Bills payable			52,788
Acceptances and letters of credit outstanding	112,278,929	104,096,726	68,047,529
Liabilities not incl. under foregoing heads	6,149,960	5,765,768	4,601,739
Dividends declared and unpaid	2,799,717	1,493,071	2,782,540
Rest or reserve fund	133,750,000	133,750,000	133,750,000
Capital paid up	145,500,000	145,500,000	145,500,000
Total liabilities	4,017,288,020	4,030,201,002	3,697,967,761

Note—Owing to the omission of the cents in the official reports, the footings in the above do not exactly agree with the totals given.

Investment Trusts

(Continued from Page 7)

for shareholders, in contrast with a *value-saving* job in 1941, Mr. Lord clarified some other points of market interest. One of these concerned the reasoning of the management behind Affiliated Fund's dividend policy. During 1941, the Fund returned a better return to shareholders than was actually earned on the theory that the money paid out in dividends could not, in general, have been better employed in the market. However, it is now believed that, in coming months, the assets of the company may be more profitably employed in the market than was possible in 1941, and that, therefore, "they should be put to work rather than returned to shareholders as dividends."

Investment Company Briefs

From San Francisco:—"To the observer willing to look beyond the confusion of the moment, constructive factors are not difficult to find. The highly favorable dividend yields obtainable, and the rising trend of values for physical property, are obvious and real factors. Moreover, the tremendous size of the war effort ahead of us, and what it will mean in terms of long-continued capacity operations by the bulk of American industry, and in terms of national income, is apparent to all who stop and think. Premature indeed is fear of temporary postwar deflation, at a time when the war effort is really only getting under way.

"Beyond all this, remote but by no means unimportant, is the vista of the long-range future now opening up for investors who have confidence that the great strength of the United States will win past any temporary reversals to an ultimate decisive victory. From such a victory, we may expect to emerge the dominant world power at the threshold of an era of great development. It is time to look ahead, to recognize the sacrifices involved and the problems we all shall face, but not to lose sight of the great stakes we are fighting for, and the ultimate tangible benefits of victory to us all."—D. R. Fuller, Commonwealth Investment Company.

Since inception in 1932, The Keystone Investor reports, the present Keystone Custodian Funds and the original series have paid $7,170,141 in distributions to shareholders. These distributions included profits realized on sales of securities owned.

With the exception of 1937, Keystone Custodian Funds have enjoyed a steady increase in assets every year since their organization in 1932. At the close of 1940 the combined assets of the Keystone funds totalled $24,462,000, and by Dec. 1 of this year they had risen to $29,375,000.

Fifty percent of the Christmas bonus paid by Selected Investments Company and its statistical affiliate, Security Supervisors, Inc., sponsors of Selected American Shares, Inc., was paid in Defense bonds or stamps. The bonus ranged from 10% to 50% of one month's salary, depending on length of service.

Bache Staff Chooses AFL

The employees of the main and branch office of J. S. Bache & Co. in New York City have voted to have the office employees' union of the American Federation of Labor represent them as collective bargaining agent, it was announced by the National Labor Relations Board Examiner. Of the 308 employees eligible to vote in the election, 190 voted for the union, 101 voted against it, three votes were challenged and one ballot was blank.

Over-The-Counter Dealers Must Unite

(Continued from First Page)

change members are endeavoring to put us out of business, that they are in control of the National Association of Securities Dealers, that they are now endeavoring to get the SEC to formulate rules, regulations and capital requirements, which will force non-members out of the business, etc.

This I do not believe can be accomplished for certain reasons. A number of member houses do a retail business in unlisted securities and charge offering prices quoted in the papers. Up until recently these offering prices have allowed the retailer to make a fair profit, also the trader or wholesaler to make a fair profit.

However we now find that the newspaper-quoted spreads of over-the-counter securities are not wide enough to allow the retailer to make a fair profit. The trader is the only one who can make a profit and he along with the Stock Exchange commission houses will kill the goose who lays the golden eggs.

A fair part of the Stock Exchange business comes from out-of-town non-members houses. Yet a representative from a member house branch office has come to me for Stock Exchange business. And I know that this is one of the firms that has told some of my customers how ridiculous it is to do business with me because I charge more than the Stock Exchange commission for over-the-counter securities. It is strange how some people's minds work.

I, for one, do not believe that the Securities and Exchange Commission is unreasonable. The SEC was not unreasonable when it put through the regulations helping both wholesalers and retailers of Mutual Investment Trust Shares. It is definitely to the advantage of Mutual Investment Trusts that over-the-counter dealers be allowed to make profits which will insure them a livelihood.

If the SEC is willing to allow retailers a fair profit in selling Mutual Trust Shares, and at the same time exclude Stock Exchange commission houses from cutting prices, why wouldn't the SEC allow over-the-counter dealers to quote over-the-counter securities in the newspapers with spreads sufficient to allow fair profits and, at the same time, exclude member houses from cutting prices? And by spreads allowing the retailer a fair profit, I certainly don't mean such spreads as appear on more or less inactive stocks listed or admitted to trading on the Stock Exchange and Curb. I can well imagine what would happen to some of our more or less active over-the-counter stocks were they put on the Exchange or Curb—although I may differ with my friend George Ray.

For example—here are a few quotes from the "Wall Street Journal" this morning, Dec. 23:

Stock Exchange	
American Coal	12½-18⅞
Allegheny & West.	60½-80
Armour Ill. pfd.	55 -70
Beech Creek RR	24 -27
Bloomingdale	10 -11
Duplan Corp.	6 - 7
Green B & W	54 -60

Curb Exchange	
Air Invest. conv. pfd.	21 -27
Allied Products	19 -21½
Amer. Cyanamid A	30 -39⅞
Amer. Hard Rubber	16 -18½
Amer. Mfg.	18 -23½
Bridgeport Gas Lt.	16 -20½
Canada Cement	2⅛- 5½
Carmen A	18 -22
Cities Serv. pfd. BB	45 -55
Curtiss Mfg.	5⅝- 9½

A few typical over-counter stocks are quoted as follows:

	Wall Street Journal (Dec. 23)	Nat'l Daily Quotation Service
Autocar	18⅞-19⅞	19 - ½
Auto Ordnance	8⅛- 9⅛	8⅛- ⅝
Gen. Machinery	26¾-28¼	26½-28
Trico Products	24⅞-26⅞	25 - 6
Wickwire Spencer	10 -10⅝	9⅞-10¼

To sum up, here are a few suggestions:

1—The over-the-counter dealers should be in control of The National Association of Security Dealers. Or they should form an association of over-the-counter dealers only.

*2—The over-the-counter dealers should confer with the National Association of Securities Dealers and the SEC and work out a percentage profit system for over-the-counter Dealers which should be maintained by Stock Exchange members.

3—The delisting of certain stocks which could be better handled by the over-the-counter dealers.

*Note—I will admit that a definite percentage profit basis will be a difficult thing to accomplish. However I do believe that a uniform basis of profit for over-the-counter dealers should be maintained both for the protection of the investor and the dealer. There are high binders among the dealers as well as exchange members. Furthermore I think it is up to us to initiate a profit system as eventually it will be forced upon us. A good part of our business is new issues and our customers can easily figure that the gross percentages are usually not less than 15% and more than 20% and that the retailer usually receives about 10% for his efforts. Considering the lack of volume in our business and the effort and salesmanship required to get business, my idea is that profits should range from 4 to 10% on over-the-counter securities depending upon price. The scale of profits could be decreased when and if our volume of business shows a substantial increase.—*Roger A. Hayes (Buffalo), Hayes & Wagner, Inc.*

Individuals, for the most part those of moderate incomes and savings, really are the backbone of all financial markets, and the smaller over-the-counter houses, for the most part, serve these customers. Sales of this type are not just orders that flow into a salesman. They must be developed and worked for, and salesmen must be paid and their houses remain solvent.

Over-the-counter markets that newspapers carry showing a bid of ⅛ under the wholesale bid, or ⅛ above the wholesale offering price, allow not sufficient profit either to the wholesaler who must take positions and risk his capital, or to the dealer who must trade as principal, and out of his small profit pay taxes and something to brokers that execute his orders.

Just why then must the SEC and the NASD, especially, help to restrain markets by preventing a reasonable profit to its members. The public, in the purchase or sale of any commodity, allows brokers, wholesalers and retailers a profit, and in everything this profit is very substantial by comparison with that on securities.

We, therefore, wish to enter our protest to any narrowing of profits on over-the-counter markets. We subscribe to your statement "We do not believe that, directly or indirectly, any agency of the Federal Government or any association within or without the securities business should have the right to establish the margin of profit any dealer should be allowed to make on any security transaction."

Let the recognized laws of justice prevail. Strike down immoral violators of them.—*J. Erle Baumgartner (Baltimore).*

Your editorial in your issue of December 18 regarding Over-the-Counter quotations certainly hits the nail on the head. Surely the investment banker has a place in the present world economy and can contribute to the winning of the war, if permitted a living wage. There is no business in which the margin of profit is so small and which is more regulated and restricted.

We sincerely trust your efforts in this connection will bear fruit.—*Burney J. Simpson, President (Chicago), Webber-Simpson & Co.*

P. S.—The SEC should consult the daily papers for the spread in listed stocks.—*B. J. S.*

I have read with great interest your editorial in the December 18, 1941, issue of the Financial Chronicle.

There is very little I could add to your comments about quotations as I agree with them in every respect. I sincerely hope enough dealers will show an interest in this problem so that you may be able to accomplish something.

To my mind the main point is that trading house markets do not show a commission or profit to a dealer, therefore wholesale market prices should not be used.—*Homer Collins (Duluth), Homer Collins & Co.*

We have been active in the sale of Fire Insurance stocks since 1931 and in New York City Bank Stocks since 1938. We are particularly pleased with our insurance stock business, having sold Aetna Fire Insurance to our customers as low as 16, National Liberty at 2¾, Insurance Company of North America at 20 and North River at 10, together with many others at what would now be considered low prices.

When we started to distribute these fire insurance stocks, the markets were inactive and although there was plenty of stock offered, we have never taken an excessive profit. Since the spread on these over-the-counter securities has been narrowed in the papers, we find, very often, that we are unable to get any net profit after a sale is made and so we are not recommending insurance and bank stocks to new customers who might feel that we were overcharging them. On old customers, we continue to add a reasonable profit on the price we expect to pay for the stock we are attempting to sell.

We are of the opinion that the NASD can help the investor more if they concerned themselves less with the amount of spread which the average dealer takes on a transaction and more in attempting to assist the dealer in locating situations that will remain good over a long period of time.—*Anonymous (Dayton).*

Being a small Over the Counter, Sole Proprietor, Investment House, I wish to comment briefly on your article in Dec. 18th Financial and Commercial Chronicle titled "Over the Counter Dealers Must Unite."

Having about ten or twelve years of experience behind me in the Over the Counter markets, the question that arises in my mind as I read your article on shrinking spreads, is: Shall the Dealer in unlisted securities render a comprehensive investment service to his clients or shall he restrict his efforts to merely that of a broker with a desk chair and a telephone.

The Securities and Exchange Commission and the worth-while broker have this one thing in common at least: The customer is to be shielded from the many excessive and unwarranted, therefore unearned commissions and the unloading of worthless paper on the investor who has come to the house for advice and counsel regarding his meager investment funds. The customer is to be told of the pertinent facts surrounding the securities offered him. Facts detrimental to the security are to be laid bare if known. In other words, we are both seeking to make honest transactions with our clients for only in that way can we hope to continue in this business which is admittedly one of trust and confidence.

To equip an investment house with necessary tools of the trade, to hire and train salesmen to fairly deal with the customer, requires a good deal of money to be invested in the business and in which overhead in many cases runs into large figures. Salesmen once trained, must be retained on the staff if possible. Information concerning hundreds of securities must be kept up to the minute, constantly requiring a vast amount of study and painstaking analysis. In fact I may say that for the work he does today, the average investment dealer if he is trying to serve his customer intelligently, receives less for his effort than do electricians, plumbers or other master workmen who have far less to do or to think about than do the investment brokers.

The question arises, does the public honestly want this kind of service. Do they wish to be informed honestly and reliably concerning their investments or shall we throw this all overboard and become merely trading houses or brokers with the inscription over our doors "Caveat Emptor." Let the buyer beware.

If the public wishes the former, then the profit must be adequate to compensate for the labor. If the latter then, the profit may be curtailed and will doubtless be sufficient. But, I think all investment realize this, that when the standards of service are lowered, when the customer has no right to expect the service and advice which adequate profits will entitle him to, then, the way is again opened for the charlatan and sharpshooter to operate and as is custom, he gets his and beats it before the law can get around to him.

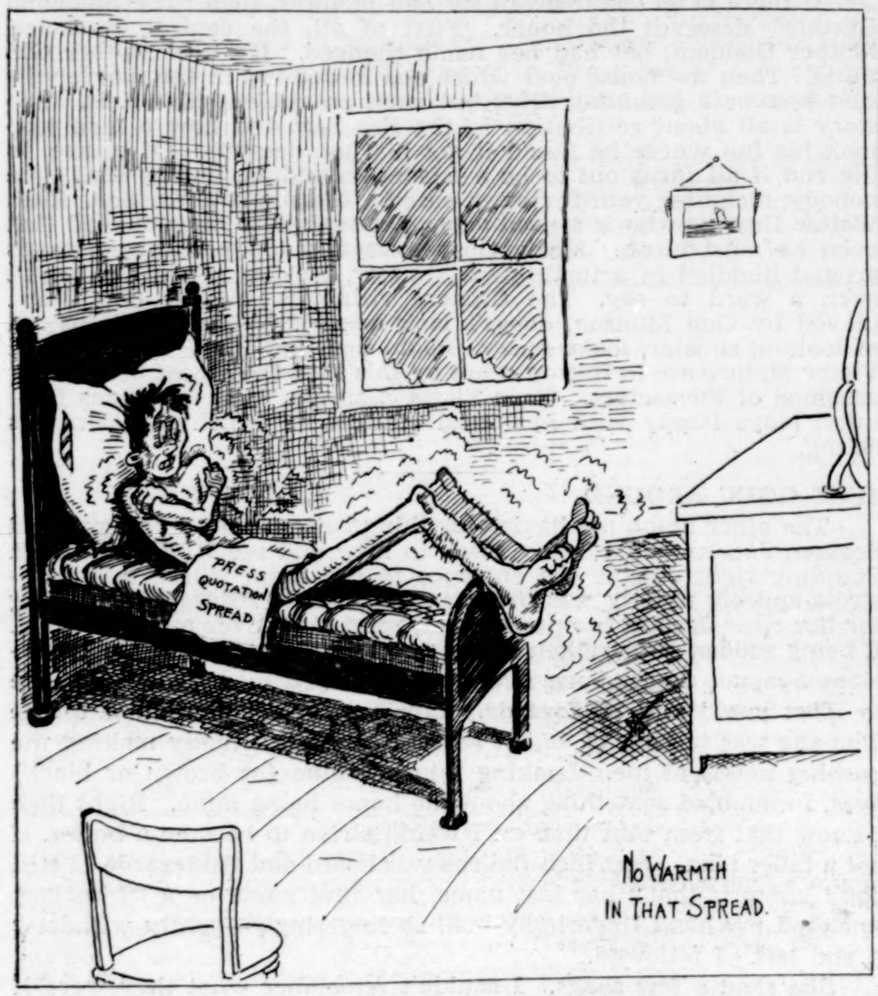
It should also be realized that when an investor wishes to sell a security on a falling market, he cannot wait until the dealer has found a retail spot for this security. He wants to get out now and the dealer in order to complete the transaction finds another dealer who either has a retail outlet at the price or indeed, may sell it to another dealer in another city. In ordinary transactions and with a reasonable spread, dealers work these things out and the customer completes his transaction and gets his money promptly. He does not know nor does he care where the security went so long as he gets out. If, however, the dealer cannot operate on the spread and the security cannot be sold the market being in a decline, a considerable loss will accrue to the customer before the security is finally liquidated.

There are enough brains in the NASD and the SEC to arrive at a satisfactory answer to this problem if the politics of the day are eliminated. If, however, it is the opinion of our leaders in this business that the service we would render is not necessary or required and if the public wishes to go back to the hey days of the 1923-29 era and pit his own information regarding securities against that of the highly trained and informed seller who wishes to unload and who has lawyers and staff to dress up the issue so that it will pass registration and if the customer again wishes to buy or sell via "hunches" or "I was told by my wife's brother who got a shave yesterday," if you know what I mean, then let's carry on with dwindling profits and mounting deficits in our operating. It won't be long as the monkey said regarding the lawn mower.

The public will not want it so. They want to make a reasonable return on their money. They wish to be able to discuss their investment problems with men who are competent to advise with them honestly and whose interests are identical. Let's not go backwards, let's move on to a better service for the investing public and in which the investment man will be found worthy of his hire.—*O. B. Bohny (Dallas)*.

You have requested over-the-counter dealers to express their opinion on the recently inaugurated narrow spreads newspaper quotations of unlisted securities. We are glad to comply with your request.

In our opinion if these newspaper quotations are here to stay virtually all over-the-counter dealers who are not underwriters will be forced out of business. It is simply impossible to conduct a business on such a narrow margin. Our business is in no way different in that respect from any other. When the oil refiner cannot get a good spread between the crude and the refined, he dosn't make any money. When a finishing mill cannot get a good spread between the cost of the gray goods and the finished product, it does not make any money. For the oil man and the textile man it is only a question of time before economic conditions will change and the spread he requires for successful operation will return. But for the unlisted dealer there is no such hope in spreads by edict. Inexorably the end must be in sight for many dealers unless those responsible for the conduct of the business awaken to a realization of what business without profit means.



We know only too well that there are unethical members of our profession, but surely the destruction of the whole profession seems an expensive price to pay to accomplish the extermination of the unethical elements. And if the over-the-counter business is destroyed it might be worthwhile to consider what of value to finance and business has been lost.

It seems to us that it is no exaggeration to say that the over-the-counter business has come to be the most important segment of the investment business. The distribution of large blocks of listed securities is now conducted almost entirely by the over-the-counter market. What can no longer be accomplished on the exchanges of the country can be accomplished by dealer selling groups working for reasonable compensation.

The unlisted market, about which the present contention has arisen, has made for itself during the past two decades a record of constructive accomplishment. Markets are close, active, and frequently sizeable. All this is the creation of the unlisted dealer who by hard work and intelligence has made the unlisted market a factor of great importance in the financial life of the country. What will happen to this over-the-counter market if the right to conduct a profitable business is denied to its many dealers. The result will be obvious. If the unlisted markets are going to be deprived of the active interest of a large number of dealers, the inevitable outcome will be that there will no longer be the close active markets that may now be found. Firm markets will revert to negotiation markets. Spreads will widen and all the advantages hoped for by the proponents of close spreads will vanish. The dealer's service and his livelihood will have been destroyed—and for what?

The point is the over-the-counter market is performing a most important service to the financial markets of the country and, on the whole, performing it well. The dealers in that market must not be quoted out of business. Somehow the crippling of an industry by edict doesn't seem like the American way of dealing with a situation.—*Anonymous (Boston)*.

Referring to your article of Thursday, December 18, you are quite right, Over-the-Counter dealers must unite or they will find themselves eliminated from the business.

There is no reason that I can see, why an investor who knows little or nothing about the real value of securities should expect a man with a generation of experience in the business, to give him his advice and service which is, or should be, predicated upon careful analysis and research for a fraction of 1% of the total amount of money involved. Highly specialized service such as most dealers are rendering in this country, should be worth as much as any other professional service. Attorneys, doctors and other professional men do not work for little or nothing, and there is no logical reason in the world, why investment dealers who might be considered professional men should not be paid for their knowledge and service.

The growth of this nation to its present size, has been largely brought about through the efforts of public distribution of securities and even though expansion through capital issues at this time is at a low ebb, and may be for some time to come just the same, dealers are entitled to a reasonable profit for their efforts in buying and selling present outstanding securities.

It is my opinion that the present low commissions established by the various stock exchanges have been brought about through marginal trading and pool operations which no longer exist, at least the latter does not and should not.

We, in the securities business are not able to go to other business organizations and obtain services and merchandise at wholesale prices, and I fail to see why we should render our services and merchandise at wholesale. I am in favor of the SEC regulations, and always have been and I seriously doubt if they are interested in strangling the legitimate organizations who are rendering a constructive service to investors.—*R. N. Gregory, (Los Angeles)*.

Our Reporter On "Governments"

(Continued from First Page)

before, is the fact that investors and professionals know support will be forthcoming—if needed. . . . And so selling raids on the market simply aren't materializing. . . . If ever you had an example of the power of psychology, you've had it in this market since the war broke out. . . .

New Issue

Virtually no gossip around as yet as to the form the new financing—due in January for refunding purposes—will take. . . . Odds are, though, that some medium term issue and perhaps a short-term offering will be sold this time. . . . Reason being that commercial banks are major holders of the issues being called and refunded and Treasury hasn't any objections to banks continuing to hold same amount of Government obligations as they hold today. . . . What it does object to is a tremendous increase in the amount of Governments held by this one group—a tremendous increase in the percentage held in comparison with the percentage held by individual investors or insurance companies. . . .

One angle is that the last two issues offered by Secretary Morgenthau have emphasized the long-term section of the market. . . . That would indicate some change in pace this time, meaning an offering of medium or short-terms. . . .

Another angle is that the commercial banks have been minor buyers of the last two issues—again, comparatively speaking. . . . Figures on position of member banks in 101 leading cities show that banks' investments in Governments in the third week in December (that covering the new issue) increased $355,000,000, apparently the measure of their purchases of the new 2½s and 2s . . . This represents only about 25% of the total loan. . . . And that's mighty small, considering that early in the Roosevelt Administration, the banks were buying 75 to 90% of the new issues sold. . . .

So, it may be that Morgenthau this time will design the new refunding issue to appeal directly to commercial institutions. . . .

Anyway, the deal will be coming soon. . . . And it's possible that no decision at all has been reached by the fiscal chiefs as yet, for beyond question, the Treasury is operating on a 24-hour basis these days. . . . All opinions coming out of Washington are "subject to change at no notice." . . . (To quote a high financial authority's words). . . . All policies are based on week-to-week estimates of expenditures, week-to-week indications of Congress' attitude on taxes, day-to-day market movements. . . .

One thing only may be said with assurance. . . . Whatever issues are sold will go over with a bang. . . . Morgenthau is not going to risk a sick financing at this crucial stage of the game. . . . So while you may not count on 2 and 3-point cushions any longer—they simply aren't justified, no matter what the magnitude of the Treasury's financing task—you may count with confidence on a successful offering. . . .

Defense Bond Sales

Watch those defense bond sale figures. . . . They're going up rapidly now, as you know, but don't for an instant, think that you've seen the top. . . . You haven't, for the Treasury's plans for putting over the sale are just getting into shape and public sentiment still has a long way to go. . . . The wheels of Government grind slowly—entirely too slowly for economic safety, as a matter of fact. . . . And the wheels are now turning at a relatively slow rate. . . .

Look for a tripling of the present rate of sales before 1942 has gone many months. . . . Maybe, even a quadrupling of the rate. . . . Expect payroll deduction plans, quotas, even street-corner "minute man" sales, as you saw during the first World War. . . .

You know what this means to the open market. . . . It means a great lifting of the burden of financing. . . . It means you'll be asked to buy a smaller amount of new issues than previous estimates have indicated. . . . It means the pressure on the Government market is not going to be nearly as heavy as it might have been had we remained on a "defense" basis—a basis not allowing all-out sales efforts by the Treasury or stimulating all-out buying efforts by the public. . . .

It means the Government market has little to "fear" from the financing quarter, any way. . . You can carry this forward from here—right into your own portfolio policy. . . .

Interest Rates

Stories around that several savings banks have cut their interest payment rates in the last few weeks. . . . Adding weight to recent insurance company boosts in premium rates—to offset declines in returns on their investments . . . Adding weight to statements from many authoritative quarters that there is little danger of any major upward move in interest rates during the coming months. . . .

No use comparing present situation in the money and bond markets with conditions existing during the first World War, for today's market is under entirely different influences. . . . We're a creditor Nation now; we were a debtor Nation then; Government control of money and credit today is at an extreme high; it was virtually unknown then; huge surpluses of idle funds overhang the markets today; there was a definite squeeze in money then. . . . And again, you may call upon your own memory for details. . . .

But you may be interested in the record. . . . Before the outbreak of the World War, money rates appeared in a moderate uptrend. . . . But in 1915 and 1916, the trend was reversed and easier conditions prevailed. . . . For instance, the average rate on 60 and 90-day commercial paper was 4.78% in 1914; 3.45% in 1915; 3.43% in 1916. . . .

In 1917 and 1918—the years the United States was at war—rates hardened from 4.74% in 1917 to 5.87% in 1918. . . . In the early months of the war, the major increases occurred. . . . In April, for instance, the rate was 4.28%; in May, it was 4.83%; in June, 5%. . . .

There has been virtually no change in short-term money rates since "Pearl Harbor." . . . The big changes, in fact, occurred long before our entrance into war. . . . In the summer and fall of 1941, along with rumors of suspension of the "right" privileges, with issuance of tax-anticipation notes, etc. . . .

2½% Treasury Bonds To Be Ready Jan. 19

Secretary of the Treasury Morgenthau announced on Dec. 23 that definitives of the 2½% Treasury Bonds of 1967-72, in coupon form, will be ready for delivery on and after Jan. 19, against the surrender of full-paid interim certificates issued Oct. 20, and Dec. 15, 1941, in lieu of such bonds. Exchanges will be governed by the provisions of Treasury Department Circular No. 675, dated Dec. 15, 1941, and will be conducted through the Federal Reserve Banks and Branches, and the Treasury Department, Washington. The advices from the Department added:

> Special arrangements may be made between incorporated banks and trust companies and the Federal Reserve Banks for the exchange of interim certificates for definitive banks for their own account and for account of their customers, and individuals who hold interim certificates are advised to consult their own bank with respect to the exchange.

These 2½% bonds were offered for cash and subscription on Oct. 9 and allotments totaled $1,589,647,550. An additional $1,000,000,000 of these bonds was offered to the public on Dec. 4 and allotments totaled $1,069,702,800.

Join F. I. du Pont Co. Branch in Fordham, N. Y.

Jack Horowitz, formerly with Ernst & Co. will become co-manager with Ray X. Morreale of the Fordham branch of Francis I du Pont & Co. and Chisholm & Chapman, 2449 Morris Avenue.

Irving Rosen and Albert Meltzner also previously with Ernst & Co. will become associated with Francis I. du Pont & Co. and Chisholm & Chapman in the same office.

Raymond N. Parker Now With E. L. Kline & Co.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND. — Raymond N. Parker, formerly an officer of Wm. F. Shumaker & Co., Inc., with which he was connected for many years, has become associated with E. L. Kline & Co., Circle Tower.

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WHISPERINGS

Joe Simmons of Hart Smith & Company, New York, was in a bowling alley one evening trying for strikes, or whatever it is that bowlers try for, when he noticed a group of kids in a corner looking at him and whispering together. Finally one of the kids broke away from the group and approached our Joe, just when he (Joe, not the kid) had knocked all the pins down, and timidly asked: "Aren't you Mr. Joseph P. Simmons, the broker?" Joe drew himself up to his full height and in a ponderous voice replied: "I am Joe Simmons, the bowler."

"Doc" Williams of Kennedy & Company, Philadelphia, says too many of the market days in 1941 had happy endings. That is, he explains, he was happy when they were finished.

Gerald Loeb, partner in **E. F. Hutton & Co.** has a cement root cellar on his farm in Redding, Connecticut that makes an ideal bomb shelter. It even has a safe built in one wall where valuables may be stored.

Bill Rosenbaum, senior partner in member house of **William M. Rosenbaum & Co.,** wonders aloud why people call money "dough." Dough, he explains, carefully sticks to the hands.

With new tires out of the question you'll have to make your present tires do. Don't bother regrooving. It only removes old rubber and while it gives you a fancy tread doesn't add to the life of the tire. It shortens it. Recapping is the process you want. In the New York area prices for this process cost about $6 for the average size (6.00x16) tire, or roughly 40% to 50% of the cost of a new tire.

Walter Peterson of Josephthal & Co., New York, was suddenly taken ill last week and is now in a hospital. We hear he is doing well but a note to him at the Norwegian Hospital, Brooklyn, N. Y., would help a lot.

A customer of **Newburger Loeb's** remarks that the last time he saw **Roggy (Adolphus Roggenburg)**, manager of the firm's 7th Avenue branch, he saw two flies alight on Roggy's head and heard one of the flies say: "How things have changed. I can remember when this was a footpath!"

Lee Sherman of L. D. Sherman & Co., New York, had a visitor the other day who invited him to his fifth marriage anniversary dinner. "It's going to be a big turkey dinner, too," remarked his friend. Lee couldn't resist the temptation and broke in with: "Why kill a turkey now for something that happened five years ago?"

Homer Wirth of T. R. MacDonald & Co., New York, left a theatre the other night and some of the kids apparently mistook him for a celebrity. "Hey, mister!" shouted one youngster, poking a blank check in front of Homer, "gimme ya autograph." . . . "But, if I sign that you can cash it for any amount," complained Homer. "G'wan," shouted the kid. "You ain't that rich!"

UP-TOWN AFTER 3

NEW MOVIES

"Design for Scandal" (MGM), starring Rosalind Russell and Walter Pidgeon; with Edward Arnold, Lee Bowman, Guy Kibbee and others. Directed by Norman Taurog.

"Design for Scandal" isn't a world-shaking epic; it doesn't need to be. But it is a funny movie that will give you plenty of chuckles. True, the plot is improbable, even silly, yet the capable cast plays its parts so airily that you will overlook the frothiness of the main story. The plot deals with a blustering newspaper tycoon (Edward Arnold) and his star reporter (Walter Pidgeon), who sasses the boss all the time. The boss, tired of his gold-digging wife, gets a divorce and is soaked lots of alimony. Infuriated, he tries to have the judge (Rosalind Russell) transferred. Failing in that, his ace news hound sets off on the trail of the lady judge in an effort to get something that will force her to re-open the case. Of course, things don't work out according to plan. Do they ever? That old debbil love enters the scene and messes things up generally. There are other complications, but it wouldn't be fair to tell you about them. Nevertheless, if the end is trite the rest of the picture is amusing.

"The Shanghai Gesture," produced by Arnold Pressburger and released by United Artists. Starring Gene Tierney, Walter Huston, Victor Mature and Ona Munson. Directed by Josef Von Sternberg.

If there is an Oscar given for bad pictures, then "The Shanghai Gesture" deserves the honor. First of all, the central character, Mother Goddam, has had her name changed. It's now Mother Gin Sling. Then the house over which she lorded has in the movie version become a gambling dive; but what an opulent dive it is. The story is all about retribution in the Far East and how a man who took his fun where he found it got his just desserts. Of course, in the end it all turns out to be a misunderstanding, but by that time nobody, including your reviewer, cared. The acting is wooden. Even Walter Huston, who is a good actor, has such silly lines to read that even he must blush. Maria Ouspenskaya, a top performer, stands around huddled in a turtle neck sweater, looking grim. She hasn't even a word to say. The Chinese villainess, Mother Gin Sling, played by Ona Munson, doesn't look one bit Chinese, and instead of looking sinister, looks funny. Might add that Phyllis Brooks and Victor Mature are in this opus but by this time they must be heartily ashamed of themselves. Gene Tierney, an eye full of luscious feminity, plays Poppy with hysterical enthusiasm which she thinks is acting.

JUST GOIN' AROUND

The other night, not having anything better to do, I accompanied Seaman Jacobs to the **Savoy Plaza** to hear and see **Hildegarde** sing. Standing right outside the entrance to the room where this songstress appears nightly was the gorgeous, blonde **Hildegarde,** waiting for her cue. Jacobs, her press agent, went right over and said hello. I, being suddenly overtaken by shyness, stood back. But the loquacious Seaman dragged me over and presented me. "Ooh, how nice to meet you!" said **Hildegarde.** I promptly looked around to see who she was talking to, but it seemed she was actually making the gushing noises at me. Looking into her blue (or brown or black) eyes, I mumbled something about the honor being mine. Right then I knew that from that time on I would strive to become a better, if not a taller man. Just then the cue was heard and **Hildegarde** (I still don't know if that's her last name, her first name or a nickname) squeezed my hand lingeringly—oh! so lingeringly—gently withdrew it and left. I followed.

She sang a few songs. I couldn't remember what they were if my life depended on it. But I could see why she is so popular.

The room in which she sings isn't a small one but she has the knack of making everybody in it feel that her songs are directed personally at them. The lady is a finished performer. Not only can she sing, but does so with an intimateness that makes you break out into goose pimples. Anyway, I did. That the men in the crowded Cafe Lounge went for her was understandable, but even the ladies in the audience almost split their palms applauding for encores. The blonde Wisconsin song bird is actually as good as I heard she was.

I finally left the room, full of plans for **Hildegarde** and me.

Look, Seaman, what are chances of fixing up a dinner-date with your blonde **Hildegarde?** If you can give me her phone number I'll call her myself. But first, put in a good word for me. Huh? Wadda ya say? My wife won't mind. At least she won't if you keep your big mouth shut!

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 5)

Of course in retrospect it can be said, that inasmuch as the tax selling of recent weeks was so heavy that the buying, when it came, would be equally as heavy. Still, that is retrospect, and while retrospect has a value in analyzing past performances, it means little where the future is concerned.

* * *

I hear all sorts of stories as to why the buying came in when it did, but most of them seem to have little basis in fact or even plausible theory. So far as I can see, the bulk of the buying came from two sources. The first from investors, or long pull traders, who were re-establishing lines sold for tax purposes. The second, from traders who were covering short positions. Of the two the latter proved the more volatile and as one group of shorts covered, other groups, seeing the plus ticks and increased volume, stepped in and took them at the market. The result is what you saw in the last few days.

* * *

As far is I can find out the outside public, the boardroom customers, had little to do with the current rise. True, the public showed a little more liveliness in the last few days, but most of it was in an increase in quote inquiries rather than in actual buy orders.

* * *

As the last market day of the old year draws to a close, volume and activity are dwindling. This brings us to the question of how good is this rally and how long will it last. If precedent means anything, and these days it doesn't, the first few days of the New Year should bring a reaction. For it is then that people interested in securities are supposed to look around, weigh the prospect and make their decisions. Unfortunately, with the country at war, these theories aren't worth much. For news, which changes almost from minute to minute, will continue to play a major role in any market decision.

* * *

Based on earnings, most stocks are cheap. Even on a yield basis a number stand out. But yields and price earnings ratios mean so little these days that it's a waste of time and space to talk or write about them.

* * *

The only thing that has not changed, is market performance, and it is, and, so far as I can now see, will be market performance that will determine the policy to follow in the days ahead.

In last week's column I said that in the first stage of a market advance, the stocks that went down the most recover the most. The second stage is featured by stocks that have not gone down very far, turn around and go up. While the third stage brings out the groups, which seldom gain much following, into the advancing market picture.

* * *

We are now in the beginning of the third stage. You can see it in the utilities and a few of the rails. The rest of the market is for the time being doing little except marking time.

* * *

A reaction in stocks making up the first and second groups now is indicated. How soon it will come and how far it will go, will be better determined after the first week of the New Year. However, on this reaction there will be individual stocks that will almost certainly exhibit characteristics that will point the way. Some of these are already beginning to show signs of latent strength.

* * *

I think the following stock deserves more than casual mention. Intercontinental Rubber, an "ersatz" crude rubber producer, has large plantations in Guayule, Mexico. I think the company is in for some rather good business. Marketwise it indicates accumulation between 5 and 7. Suggest buying it anywhere under 7.

* * *

So far as the Gulf, Mobile & Ohio pfd., and Warner Bros. is concerned, I see little in either of their actions to advise anything but holding. Where the rest of the market is concerned, don't be surprised to see a reaction of anywhere from 2 to 4 points.

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

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Calendar of New Security Flotations

OFFERINGS

BEACON ASSOCIATES, INC.

Beacon Associates, Inc. registered SEC $500,000 6% Participating Sinking Fund Debentures, due July 1, 1971

Beacon Associates, Inc. interest rate on $500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6½% per annum, according to amendment filed with SEC July 21, 1941

Address—216 Turks Head Bldg., Providence, R. I.

Business—Engaged in the small loan business in Rhode Island and Massachusetts

Offering—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85

Underwriter—F. L. Putnam & Co., Inc., Boston

Proceeds—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries

Registration Statement No. 2-4790. Form A-2. (6-27-41)

Effective—3:00 P.M. E.S.T., August 21 as of July 17, 1941

KEARNEY & TRECKER CORP.

Kearney & Trecker Corp. filed registration statement with SEC for 198,083 shares common stock, $3 par value

Address—6784 W. National Ave., West Allis, Wis.

Business—Manufactures and sells milling machines, which are machine tools widely used in industry for the facing, removal and shaping of metal through the application of a multiple toothed rotating cutting tool to a work piece secured to a moveable table

Underwriters—Blyth & Co., Inc., New York, and The Wisconsin Co., Milwaukee, Wis., are named principal underwriters, others will be named by amendment. Underwriting commission will be $3.50 per share

Offering—The shares registered are already outstanding and are to be sold to the public for the account of certain selling stockholders: public offering price will be supplied by amendment. Proposed maximum offering price, based on the SEC filing fee, is $30 per share

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4904. Form S2. (12-2-41)

Offered—Dec. 31, 1941, at $26.50 per share

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, JAN. 4

INVESTORS MUTUAL FUND, INC.

Investors Mutual Fund, Inc., filed registration statement with the SEC for 3,000 units of investment certificates representing an equitable interest in the class of special stock of company known as "Investors Corporate Fund," as follows: 600 units of $1,200 each of investors corporate fund monthly payment certificates without life insurance protection permitting aggregate payments of $720,000; 400 units of $1,200 each of investors corporate fund monthly payment certificates with life insurance protection permitting aggregate payments of $480,000; and 2,000 units of $250 each of investors corporate fund full paid certificates requiring aggregate payments of $500,000. The number of shares to be issued of the class of special stock designated as investors corporate fund is indeterminable in advance.

Address—Kansas City, Mo.

Business—Company is a diversified investment trust, qualified to do business in Delaware and Missouri.

Underwriter—Investors Fund, Inc., Kansas City, Mo.

Offering—The investor makes written application to company for the size and type of certificate that will evidence the trust fund he has elected to create, and makes the required payment. Upon acceptance of the application, company issues a certificate that is authenticated by the trustee and is registered in the name of the investor. Full paid certificates are issued in denominations of $250 and multiples thereof. Invesors' net payments are invested at the net asset value of the shares of Investors Corporate Fund.

Proceeds will be used for investment purposes.

Registration Statement No. 2-4914. Form A1. (12-16-41)

MONDAY, JAN. 5

DIANA STORES CORP.

Diana Stores Corp. filed registration statement with SEC for 20,000 shares of 6% cumulative convertible preferred stock, and 60,000 shares common stock, $1 par value

Address—519 Eighth Ave., New York City

Business—Operates a chain of 25 retail women's apparel stores, located in Florida, Georgia, North and South Carolina, Alabama and Virginia. Company does no manufacturing

Underwriters—Smith, Burris & Co., Chicago, and Tobey & Co., New York

Offering—20,000 shares of 6% cumulative convertible preferred stock and 20,000 shares of common stock will be offered to the public, in units consisting of one share of preferred and one share of common stock, at $14 per unit. Underwriting commission is $2.10 per unit. Remaining 40,000 shares common stock are reserved for issuance upon the conversion of the preferred stock

Proceeds will be added to working capital

Registration Statement No. 2-4915. Form S2. (12-17-41)

UNITED AIRCRAFT CORP.

United Aircraft Corp. filed a registration statement with the SEC for 265,669 shares of cumulative convertible preferred stock, $100 par value, and a maximum of 943,309 shares of common stock, $5 par (latter reserved for issuance upon conversion of the preferred stock). Dividend rate on the preferred stock will be supplied by amendment

Address—400 S. Maine Street, Hartford, Conn.

Business—Business of company is carried on through five operating divisions and three subsidiaries; three of the divisions are manufacturing divisions and each has its own engineering, research, manufacturing and sales organizations. Business includes manufacture and sale of aircraft engines, propellers, and other aircraft parts and accessories

Underwriting and Offering—The 265,669 shares of preferred stock will be initially offered to holders of company's common stock, for subscription at $100 per share, pro rata, at the rate of one share of preferred stock for each 10 shares of common stock held of record on Jan. 2, 1942, and on the same basis to holders of certificates for shares of common stock of United Aircraft & Transport Corp. who, by exchange of their certificates after such date and prior to the expiration date of the subscription warrants, shall have become stockholders of the corporation. The rights to subscribe shall be evidenced by subscription warrants, which will expire on Jan. 13, 1942. Any of such shares of preferred stock not subscribed to under above offer, will be underwritten and offered to the public, at a price to be supplied by amendment. Price to the underwriters for the unsubscribed stock will be $100 per share. Harriman Ripley & Co., Inc., New York, is named principal underwriter; names of the other underwriters will be furnished by later amendment

Proceeds will be added to working capital and will be used for corporate purposes

Registration Statement No. 2-4916. Form A2. (12-17-41)

THURSDAY, JAN. 8

ALABAMA POWER CO.

Alabama Power Co. filed a registration statement with the SEC for $80,000,000 of first mortgage bonds, due Jan. 1, 1972. The interest rate will be supplied by post-effective amendment to the registration statement

Address—600 N. 18th St., Birmingham, Ala.

Business—A subsidiary of the Commonwealth & Southern Corp., this company is engaged, in the State of Alabama, in the generation and purchase of electricity and its distribution and sale at retail in 582 communities and rural areas, and sale at wholesale of electricity to other companies and municipalities. Also, purchases and sells natural gas in Phenix City, provides transportation service in Tuscaloosa and vicinity. About 99% of total gross operating revenues is derived from electric operations

Underwriting and Offering—The bonds will be sold under competitive bidding, pursuant to Rule U-50 of the Public Utility Holding Company Act of 1935, of the SEC. Names of underwriters and the public offering price, will be supplied by post-effective amendment to the registration statement

Proceeds from sale of the new bonds, together with the proceeds of bank loans aggregating $12,000,000 and treasury funds of the company to the extent necessary, will be used for the redemption or provision for payment of the entire outstanding mortgage debt of the company

Registration Statement No. 2-4917. Form A2. (12-20-41)

Declarations and applications filed with SEC in regard to the sale of $50,000,000 first mortgage bonds through competitive bidding permitted to become effective Dec. 30, 1941

TUESDAY, JAN. 13

CONNECTICUT LIGHT & POWER CO.

Connecticut Light & Power Co. has filed a registration statement with the SEC for 336,088 shares of cumulative preferred stock, no par

Address—36 Pearl St., Hartford, Conn.

Business—Business of company consists principally of production, purchase, transmission, distribution and sale of electricity and gas for residential, commercial, industrial and municipal purposes in Connecticut

Underwriters—Principal underwriters are Putnam & Co., Hartford, Conn.; Chas W. Scranton, New Haven; and Estabrook & Co., Boston; names of the other underwriters will be supplied by amendment

Offering—Company proposes to offer a maximum of 136,088 shares of the preferred stock, bearing a dividend rate of $2.25 per share per annum, in exchange for the outstanding shares of 5½% cumulative preferred stock, $100 par, on the basis of 2 shares of $2.25 preferred for each share of 5½% preferred stock held (excludes holders in Minnesota, Wisconsin, Maine, New Hampshire and California); the exchange offer expires Jan. 16, 1942. It is further proposed to offer publicly through the underwriters 200,000 shares of the preferred stock, bearing a dividend rate of $2 per share per annum, plus an additional number of shares of $2 preferred stock equal to twice the number of shares of 5½% preferred stock as are not exchanged. Public offering price will be supplied by amendment

Proceeds will be used to finance, to the extent of about $10,000,000, the company's construction program calling for installation of two 45,000 kilowatt generating units, payment of $300,000 bank loans, and to redeem on March 1, 1942, at $112 per share, all of the 5½% preferred stock not exchanged for the new $2.25 preferred stock

Registration Statement No. 2-4918. Form A2. (12-24-41)

PANHANDLE EASTERN PIPE LINE CO.

Panhandle Eastern Pipe Line Co. filed registration statement with SEC for $10,000,000 first mortgage and first lien series "C" 3% bonds, due Jan. 1, 1962, and 150,000 shares cumulative preferred stock, $100 par value. Dividend rate on the preferred stock will be supplied by amendment

Address—1221 Baltimore Ave., Kansas City, Mo.

Business—Engaged in the production, purchase, transmission and sale of natural gas, major part of which is sold to gas transmission and gas distribution companies for resale

Underwriting and Offering — Approximately 14,000 shares of the preferred stock will be offered for subscription to holders of 63,566 shares of its outstanding common stock who have not waived their preemptive rights to subscribe for the new preferred stock, at the rate of one share of the preferred for each 5⅓ shares of common stock; the subscription price will be supplied by amendment. The remaining shares of preferred stock not required for such exchange offer, together with all of the bonds, will be sold by company under competitive bidding, pursuant to Rule U-50 of the SEC's Public Utility Holding Company Act of 1935. Names of underwriters and the public offering prices, will be supplied by amendment

Proceeds will be applied to the redemption of all the company's outstanding class A preferred stock; to the purchase from Columbia Gas & Electric Corp. of all the outstanding securities (stock and debt) of Michigan Gas Transmission Corp. and Indiana Gas Distribution Co.; to purchase from Ohio Fuel Gas Co. of natural gas pipe lines in Indiana and Ohio; and the balance to pay part of the cost of authorized construction work

Registration Statement No. 2-4919. Form A2. (12-24-41)

WEDNESDAY, JAN. 14

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

THURSDAY, JAN. 15

IOWA SOUTHERN UTILITIES CO. OF DELAWARE

Iowa Southern Utilities Co. of Del. has filed a registration statement with the SEC for $10,000,000 first mortgage 3½% bonds, due Dec. 1, 1971, and $5,160,000 of 4½% sinking fund debentures, due Dec. 1, 1971

Address—Centerville, Ia.

Business—Principal business of this public utility operating company is that of generating, distributing and selling electrical energy for light, heat and power, serving 134 communities at retail in 24 counties in the southern and southeastern parts of Iowa, Also, manufactures and sells artificial gas to several communities in that area, as well as steam heat

Underwriters—W. C. Langley & Co., New York, and Halsey, Stuart & Co., Inc., Chicago, are named principal underwriters; the names of the other underwriters will be furnished by later amendment to the registration statement

Offering—The bonds and debentures will be sold to the public, at prices to be supplied by amendment to the registration statement

Proceeds, together with other funds of the company will be used to redeem the following issues of bonds of the company: $10,000,000 first mortgage 4s, due May 1, 1970; $2,660,000 general mortgage sinking fund 4½s, due May 1, 1950; and $2,500,000 of 6% series A debentures, due May 1, 1950, requiring an aggregate of $15,854,700, exclusive of accrued interest on the bonds to be redeemed

Registration Statement No. 2-4921. Form A2. (12-27-41)

SATURDAY, JAN. 17

DOMESTIC FINANCE CORP.

Domestic Finance Corp. has filed a registration statement with the SEC for 61,484 shares common stock, no par value

Address—231 S. La Salle St., Chicago, Ill.

Business—Engaged, through subsidiaries, in the small loans business, operating 36 offices in 9 states.

Underwriting and Offering—The shares registered are outstanding and owned by Merchants & Manufacturers Securities Co., and are being offered solely for the purpose of exchanging the same for the 30,742 outstanding shares of participating preferred stock of Merchants & Manufacturers Securities Co., on the basis of two shares of common stock of Domestic Finance Corp. for one share participating preferred stock of Merchants & Manufacturers Securities, plus cash adjustment for dividends. Latter company reserves the right at any time to pay to dealers and others not to exceed 50 cents for each share of common stock of Domestic Finance Corp. delivered in such exchange as compensation for services in assisting Merchants & Manufacturers Securities Co., in consummating such exchanges

Registration Statement No. 2-4922. Form A2. (12-29-41)

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923. Form A2. (12-29-41)

CORNELL-DUBILIER ELECTRIC CORP.

Cornell-Dubilier Electric Corp. filed a registration statement with the SEC covering $1,500,000 convertible sinking fund debentures; 30,000 shares of 5% cumulative convertible preferred stock, $50 par; and an unstated amount of common stock, $1 par, the latter to be reserved for issuance upon conversion of the debentures or the preferred stock. Interest rate and maturity date of the debentures will be supplied by amendment.

Address—333 Hamilton Blvd., S. Plainfield, N. J.

Business—Engaged in manufacture and sale of various types of capacitors, known also as fixed electrical condensers, devices for storing electrical energy between two or more conducting surfaces separated by a dielectric or non-conductor

Underwriting—McDonald-Coolidge & Co., Cleveland, and Eastman, Dillon & Co., New York, are named principal underwriters

Offering—Company states that because of the present uncertainty of wordwide conditions, it is impossible to determine at this time whether it will be more advisable for the proposed financing to be effected by means of an offering of debentures or preferred stock. It is not expected that both the types of securities will be registered, but that later either the debentures, or the preferred stock, will be sold to the public, and the other type of security will be eliminated from registration. Public offering price will be supplied by amendment

Proceeds will be used to pay $400,000 bank loans, reimburse company's treasury for expenditures made and to be made for plant, machinery and equipment during past and current years, and for working capital

Registration Statement No. 2-4924. Form A2. (12-29-41)

SUNDAY, JAN. 18

SCHENLEY DISTILLERS CORP.

Schenley Distillers Corp. filed a registration statement with the SEC for $10,000,000 10-year sinking fund debentures, due Jan. 1, 1952, and $17,500,000 15-year sinking fund debentures, due Jan. 1, 1957. Interest rates will be supplied by amendment to registration statement

Address—350 Fifth Ave., New York City

Business—Company and its subsidiaries are engaged generally in the distilling, blending, rectifying, producing, warehousing, bottling, buying, selling, exporting and importing alcoholic products for beverage purposes, principal business being production and sale of rye, bourbon and blended whiskies in the United States

Underwriting—Mellon Securities Corp., Pittsburgh, is named principal underwriter; names of others will be supplied by amendment

Offering—The debentures will be offered to the public, at a price to be supplied by amendment

Proceeds from sale of the debentures, together with the net proceeds of unstated amount of short-term bank loans to be procured by company prior to or concurrently with the issue of the debentures, will be applied to payment of all the present bank loans of company. Amount of such bank loans outstanding on Aug. 31, 1941, was $24,000,000

Registration Statement No. 2-4925. Form A2. (12-30-41)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIR ASSOCIATES, INC.

Air Associates, Inc., registered with SEC 50,000 shares $1.37½ Cumulative Convertible Preferred Stock, no par; and maximum of 100,000 shares $1 par common stock, latter reserved for issuance upon conversion of the preferred.

Address—Bendix Airport, Bendix, N. J.

Business—Company is manufacturer and distributor of airplane parts, equipment, material, supplies and accessories.

Underwriter—White, Weld & Co., New York, is principal underwriter; others to be named by amendment. Underwriting commission is $2.25 per share.

Offering—Preferred stock to be offered amendment.

Proceeds—$300,000 to prepay outstanding bank loans; $200,000 for purchase of additional machinery; balance for plant additions and working capital.

Registration Statement No. 2-4851. Form A-2. (9-27-41).

The company has filed an amendment to its registration statement with the Securities and Exchange Commission disclosing that its 50,000 shares of $1.37½ cumulative convertible preferred stock will be offered to the public by the following underwriters:

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3. **Weekly high, low, close, sales, and range** since January 1st of stocks and bonds listed on New York Curb Exchange and other United States and Canadian exchanges.
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COMMERCIAL & FINANCIAL CHRONICLE
Dept. C 25 **25 Spruce Street, New York, N. Y.**

Calendar of New Security Flotations

	Shares
White, Weld & Co.	12,500
Jackson & Curtis	10,000
Merrill, Lynch, Pierce, Fenner & Beane	10,000
Stern, Wampler & Co.	5,000
E. H. Rollins & Sons	4,000
Pacific Co. of California	4,000
Mitchum, Tully & Co.	1,500
Cohu & Torrey	1,000
Fuller, Cruttenden & Co.	1,000
Vietor Common & Co.	1,000

Amendments filed Nov. 25 and Dec. 13, 1941, to defer effective date

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg., Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Amendments filed Nov. 21, Dec. 8, and Dec. 26, 1941, to defer effective date

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver, Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission, 35%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

Amendment filed Dec. 3, 1941, to defer effective date

BONWIT TELLER, INC.

Bonwit Teller, Inc. registered 39,334 shares of 5½% cumulative convertible preferred stock, $50 par, and 131,202 shares of common stock, $1 par

Address—721 Fifth Avenue, New York City

Business—Operation of specialty store in New York City

Underwriters—To be filed by amendment

Offering Terms — Preferred and common will be publicly offered at prices to be filed by amendment, except that 106,202 common shares will be reserved for conversion of preferred

Proceeds—Stock will be sold by Atlas Corp. and the American Co., parents, and no proceeds will be received by the company

Registration Statement No. 2-4748. Form A-2. (4-30-41)

Amendments filed Nov. 24 and Dec. 11, 1941, to defer effective date

Registration Statement withdrawn Dec. 27, 1941

CAROLINA TELEPHONE & TELEGRAPH CO.

Carolina Telephone & Telegraph Co. registered with SEC 10,625 shares common stock, $100 par, and subscription warrants evidencing rights to subscribe for such 10,625 shares common stock

Address—122 St. James St., Tarboro, N. C.

Business—This operating company is engaged in the telephone business in the eastern part of North Carolina. About 31.67 of its common stock is owned by Southern Bell Telephone & Telegraph Co. (a subsidiary of AT&T)

Underwriters—There is no underwriting involved in connection with this financing

Offering—Common stockholders of record Nov. 26, 1941, are being granted transferable warrants to subscribe at $100 per share for the 10,625 shares of common stock, at the rate of one share for each 4 shares then held. Warrants expire Dec. 29, 1941. Company reserves right to reoffer for sale, at a price in no event less than $100 per share, such of the 10,625 shares of common stock as are not subscribed for by stockholders in the exercise of the warrants

Proceeds to payment of $830,000 of bank loans, balance for plant and equipment additions and betterments, and for working capital

Registration Statement No. 2-4875. Form A2 (11-4-41)

Effective 4:45 p. m. E.S.T. on Nov. 19, 1941

CHAMPION PAPER & FIBRE CO.

Champion Paper & Fibre Co. registered with SEC $8,500,000 of first mortgage bonds, due Nov. 1, 1956 (interest rate to be filed by amendment); 40,000 shares $5 cumulative convertible preferred stock, no par; and an indeterminable number of shares of no par common stock, to be reserved for issuance upon conversion of the preferred stock

Address—Hamilton, O.

Business—Largest domestic manufacturer of the types of paper known in the trade as white papers and book papers, and is one of the largest domestic manufacturers of coated papers

Underwriters are W. E. Hutton & Co. and Goldman, Sachs & Co., both of New York, N. Y.

Offering—The bonds and preferred stock will be offered to the public, at prices to be supplied by amendment

Proceeds will be used to redeem the outstanding aggregate of $8,660,000 of 4¾% sinking fund debentures ($4,125,000 principal amount due 1950, at 104½; $4,535,000 principal amount of the 1938 Issue at 102¼), requiring $8,947,663. Balance of net proceeds will be added to working capital

Registration Statement No. 2-4867. Form A2. (10-25-41)

Amendment Filed—Company has filed an amendment with the SEC to its registration statement disclosing that the bonds would bear interest at the rate of 3½% per annum. The public offering price of the bonds and the preferred stock will be supplied by later amendment

Also disclosed in the amendment is the names of the underwriters for the bonds and preferred stock, together with the amount of each issue underwritten by each, as follows (all of New York City, unless otherwise indicated):

	Prin. amt. of bonds	No. of shs. of pref. stk.
W. E. Hutton & Co.	$1,700,000	8,000
Goldman, Sachs & Co.	1,700,000	8,000
R. S. Dickson & Co.	127,000	600
Drexel & Co., Phila.	425,000	2,000
Field, Richards & Co., Cincinnati	85,000	400
First Boston Corp.	425,000	2,000
Harriman Ripley Co.	425,000	2,000
Hemphill, Noyes Co.	255,000	1,200
Hornblower & Weeks	340,000	1,600
Johnson, Lane, Space & Co., Savannah	85,000	400
Kidder, Peabody Co.	765,000	3,600
Kuhn, Loeb & Co.	850,000	4,000
W. C. Langley & Co.	340,000	1,600
Lee Higginson Corp.	511,000	2,400
Piper, Jaffray & Hopwood, Minneapolis	127,000	600
White, Weld & Co.	340,000	1,600

Amendments filed Dec. 9 and Dec. 27, 1941, to defer effective date

CHESAPEAKE CORPORATION OF VIRGINIA

Chesapeake Corporation of Virginia registered with the SEC an unstated number of shares of common stock, $5 par value. Company estimates that the number of shares to be involved is 135,000 shares

Address—West Point, Va.

Business—Company is engaged in the manufacture and sale of sulphate pulp, Fourdrinier kraft board and kraft specialties

Underwriting — Principal underwriters named are: Scott & Stringfellow, Richmond, Va., and Blyth & Co., Inc., New York. Names of other underwriters will be supplied by amendment to the registration statement

Offering—The shares of common stock to be offered under this registration statement are already issued and outstanding, and are to be offered to the public for the account of certain selling stockholders. Public offering price will be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4895. Form A2. (11-24-41)

Amendment to defer effective date filed Dec. 24, 1941

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof: and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendments filed Nov. 18, Dec. 6 and Dec. 24, 1941, to defer effective date

COMPOSITE BOND FUND, INC.

Composite Bond Fund, Inc., registered with SEC 32,500 shares $1 par common stock.

Address—601 Riverside Ave., Spokane, Wash.

Business — Open-end investment trust, limited to investments in bonds.

Underwriting—Murphey, Favre & Co., Spokane, Wash., is underwriter and distributor, purchasing said shares at the net asset value then in effect for distribution to public at such net asset value plus 8½%.

Offering—To be offered to the public at the then prevailing market price.

Proceeds—Will be used for investment purposes.

Registration Statement No. 2-4825 Form A-1. (8-28-41)

Amendments filed Nov. 8 and Dec. 15 to defer effective date

ELMORE OIL CORP.

Elmore Oil Corp. registered with SEC 14,000 shares common stock, $5 par value of which 1,376 shares have been sold heretofore and rescission offer is made

Address — Stevens-Harle Bldg., Durant, Okla.

Business—Engaged in the oil business, buying, selling oil and/or gas leases; owns and operates certain oil and gas leases and equipment in Brown and Jack Counties, Tex.

Underwriters—None

Offering—The shares will be offered to the public direct by company, at $5 per share

Proceeds will be used for drilling of 5 additional wells, the equipping of a certain lease, and for working capital

Registration Statement No. 2-4864. Form A-1. (10-21-41)

Hearing on suspension of registration statement postponed from Dec. 22 to Jan. 6, 1942

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendments filed Nov. 27 and Dec. 15, 1941, to defer effective date

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock, $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

HOUSTON LIGHTING & POWER CO.

Houston Lighting & Power Co. registered with SEC an indeterminate number of shares of its common stock, no par (Company has outstanding 500,000 shares of common stock, of which 499,987 shares are held by its parent National Power & Light Co., which latter company also holds options to purchase the remaining 13 shares of outstanding common stock of company).

Address—900 Fannin St., Houston, Tex

Business—Company is an operating public utility company principally engaged in generating, transmitting, distributing and selling electricity at retail and wholesale, serving 150 communities and an extensive rural area in Texas, including cities of Houston and Galveston.

Underwriter—None.

Offering — No public offering contemplated initially. Company is advised by National Power & Light, that that company has filed with SEC a declaration under the Holding Company Act contemplating, initially, the exchange of common stock of company which National Power & Light owns, for the $6 preferred stock of National Power & Light Co. and also contemplating that if, upon termination of such proposed exchange plan, National Power & Light still holds as much as 5% of common stock of company, it will dispose of such holdings as promptly as shall be practicable in light of then market and other conditions and with the best interests of its security holders in mind. After such disposition, company will have ceased to be either a subsidiary or an affiliate of National Power & Light Co. or Electric Bond & Share Co.

Registration Statement No. 2-4827 Form A-2. (8-29-41)

Company filed amendment (Nov. 28, 1941) with SEC disclosing the terms under which its 500,000 shares of no par common stock, outstanding and owned by National Power & Light Co., would be offered in exchange for the outstanding $6 preferred stock (279,716 shares) of National Power & Light Co. National Power & Light is offering to each holder of its $6 preferred stock the right to exchange all or any part of his holdings of $6 preferred stock, in full share amounts up to 90% of such holdings, for common stock of Houston Lighting & Power Co. on the basis of two shares of Houston common for one share of National $6 preferred stock. Expiration date of exchange offer will be supplied by amendment. Exchange agents are Bankers Trust Co., New York, and First National Bank, Houston, Tex. The exchange offer is permitted as a step preparatory to dissolution of National Power & Light Co.

Amendment filed Dec. 16, 1941, to defer effective date

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield, Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing, without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk.
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock, owned by parent company, at latter's cost Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

Amendments filed Nov. 26 and Dec. 15, 1941, to defer effective date

INTER-MOUNTAIN TELEPHONE CO.

Inter-Mountain Telephone Co. filed registration statement with SEC for 25,000 shares common stock, voting, $10 par value

Address—Sixth and Crumley Sts., Bristol, Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

Underwriters—Alex. Brown & Sons, Baltimore; Mason-Hagan, Inc., Richmond, Va.; Stern, Wampler & Co., Inc., Chicago; Equitable Securities Corp., Nashville, Tenn.; Courts & Co., Atlanta, Ga.; R. S. Dickson & Co., Inc., Charlotte, N. C.; Minnich, Wright & Co., Inc., Bristol, Tenn.

Offering—The 25,000 shares of common stock will be offered to the public, at a price to be supplied by amendment to registration statement. The shares are to be offered for the account of the underwriters, who are to acquire such shares as follows: Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia, have agreed to sell to above underwriters, a total of 25,000 shares of 6% non-cumulative convertible preferred stock, $10 par, of company, at a price to be supplied by amendment (20,665 shares of such preferred to be sold by former, 4,335 shares by latter). Underwriters agree that immediately following delivery to them of such shares of preferred stock, each will convert same, share for share, into a total of 25,000 shares of common stock of company

Proceeds will be received by the underwriters

Registration Statement No. 2-4908. Form A2. (12-6-41)

Amendment to defer effective date filed Dec. 22, 1941

KANSAS-NEBRASKA NATURAL GAS CO., INC.

Kansas-Nebraska Natural Gas Co., Inc., registered with SEC 48,468 shares common stock, $5 par value

Address—Phillipsburg, Kan.

Business—Company is an operating public utility company engaged in the purchase of natural gas in Kansas, and in its transmission and wholesale and retail distribution in the States of Kansas and Nebraska

Underwriting—Names of underwriters, and number of shares underwritten by each, are as follows: First Trust Co., Lincoln, Neb., 11,108 shares; Harold E. Wood & Co., St. Paul, Minn., 15,132; Estes, Snyder & Co., Inc., Topeka, Kan., 10,012; United Trust Co., Abilene, Kan., 5,552; Beecroft, Cole & Co., Topeka, Kan., 6,664

Offering—The 48,468 shares are subject to purchase, under certain options, by the above underwriters, from the company, at a price of $5.4545 per share for a block of 8,468 shares, and at a price of $5.50 per share for the remaining 40,000 shares. The underwriters, upon exercise of their various options, propose to reoffer such shares to the public at a price of $6.50 per share

Proceeds will be added to working capital of company

Registration Statement No. 2-4894. Form A2. (11-24-41)

Effective—4:45 p. m., E.S.T., on Dec. 11, 1941

KENSINGTON MINES, INC.

Kensington Mines, Inc. has filed a registration statement covering 565,000 shares of $1 par 6 per cent cumulative preferred stock and the same number of shares of 1 cent par common 35,000 shares of $1 par 6 per cent cumulative preferred shares previously sold to promoters at $1 and 1,320,000 shares of 1 cent common previously sold to promoters at 2.68 cents a share

Address—Seattle, Washington

Business—Mining and Milling

Proceeds — For property, construction development and working capital

Underwriters—Kressly and Campbell

Registration Statement No. 2-4697. Form A-1. (3-21-41)

Effective—4:45 P.M., E.S.T., April 9 1941

KIRKLAND GOLD RAND, LTD

Kirkland Gold Rand, Ltd., registered with SEC, under refiling, 500,000 shares common stock $1 par

Address—360 St. James St., West, Montreal, Quebec, Canada

Business—Engaged in development, acquiring, holding, selling and operating gold, silver and other mineral mines Company is still in the development stage

Underwriters—To be named by amendment

Offering—Above shares to be offered to public at $1.25 per share; underwriting commission is 43¾ cents per share

Proceeds—For development, purchase of equipment and working capital

Registration Statement No. 2-4727. Form A-1. Refiled (6-16-41)

Amendment to defer effective date filed in Cleveland Nov. 28, 1941, and Dec. 8, 1941

LA CROSSE TELEPHONE CORP.

La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse, Wis.

Underwriter—Alex. Brown & Sons

Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.

Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock

Registration Statement No. 2-4717. Form A-2. (3-29-41)

Amendments filed Nov. 19, Dec. 8 and Dec. 26, 1941 to defer effective date

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅙ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

Address — Lambert-St. Louis Municipal Airport, Robertson, Mo.

Business—Engaged in designing and de- and selling parts for aircraft; expects presently to engage in business of manufacturing, testing and selling aircraft

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅙ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

Proceeds for working capital, purchase of tools, machinery and equipment.

Registration Statement No. 2-4844. Form A-1. (9-17-41)

Effective—4:45 P.M., E.S.T., on Oct. 8, 1941 as of 4:45 P.M., E.S.T., Oct 6, 1941.

MERCHANTS & MANUFACTURERS SECURITIES CO.

Merchants & Manufacturers Securities Co. has filed a registration statement with the SEC for $1,081,000 of 10-year 4½% debentures, due Sept. 1, 1950

Address—231 South La Salle St., Chicago, Ill.

Business—Through its subsidiaries, is engaged in the small loans business

Underwriting and Offering—The debentures are outstanding in the hands of the public and have been registered with SEC under Securities Act of 1933 solely for the purpose of obtaining the assent of the holders of not less than a majority in principal amount thereof to modify certain provisions of the indenture under which the debentures have been issued. Smith, Burris & Co., Chicago, is to assist company in obtaining such assents. Major modification of indenture being sought is to permit release from covenants thereof of not to exceed 62,484 shares of common stock of Domestic Finance Corp. now owned by Merchants & Manufacturers Securities Co. It is present intention of company to dispose of such shares either in exchange for or to utilize the proceeds of the sale thereof for the purchase of shares of participating preferred stock of the company

Registration Statement No. 2-4912. Form A2. (12-12-41)

Amendment filed Dec. 27, 1941, to defer effective date

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha, Nebraska

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co.

The 355,250 additional shares orginally registered with the SEC on April 21, 1941, for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

PANAMA COCA-COLA BOTTLING CO.

Panama Coca-Cola Bottling Co. registered with the SEC 33,750 shares common stock $1 par

Address—19-A Avenue Jose Francisco de la Ossa, Panama, R. de P.

Business—Engaged in business of bottling Coca-Cola and other carbonated beverages and in manufacture of ice-cream and ice, all of which are sold wholesale in the Republic of Panama and in the Canal Zone

Underwriters—Elder & Co., New York, is the sole underwriter

Offering—The shares will be offered to the public at $12.50 per share; underwriting commission is $2.50 per share

Proceeds—Will be used to increase the company's working capital

Registration Statement No. 2-4870. Form S-2 (New Form) (10-29-41)

Effective 3 p. m. E.S.T. on Nov. 25, 1941 as of 4:45 p. m., E.S.T., Nov. 11, 1941

PIERCE BUTLER RADIATOR CORP.

Pierce Butler Radiator Corp. has registered with SEC 120,000 shares 5% cumulative convertible preferred stock, $2.50 par value; and 120,000 shares of $1 par common stock, latter reserved for conversion upon issuance of the preferred

Address—701 Nichols Ave., Syracuse, N. Y.

Business—Engaged in manufacture and sale of heating boilers and radiators, steam heating and high pressure boilers, Unaflow engines, radiator valves, boiler gauges and thermometers

Underwriters—None

Offering—The preferred stock will be offered for subscription to stockholders, at par. Unsubscribed portion will be purchased by Max Kalter, director of company, on behalf of a syndicate which he represents. Subscription price is $2.50 per share

Proceeds will be used for payment of certain outstanding bank loans and notes

Registration Statement No. 2-4865. Form A1. (10-23-41)

PITTSBURGH STEEL CO.

Pittsburgh Steel Co. has filed a registration statement with the SEC for $2,000,000 of first mortgage series B 4½% bonds, due Dec. 1, 1950

Address—1600 Grant Building, Pittsburgh, Pa.

Business—Engaged primarily in manufacture and sale of semi-finished steel products, wire products and tubular products

Underwriting—Kuhn, Loeb & Co., and A. G. Becker & Co., Inc., both of New York, each have agreed to purchase $1,000,000 principal amount of the bonds

Offering—The bonds will be offered to the public, at a price to be supplied by amendment

Proceeds to extent of $1,040,000 will be deposited with Trustee and will be withdrawn from time to time in the future against property additions which are now contemplated; balance for working capital

Registration Statement No. 2-4905. Form A2. (12-2-41)

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3⅜% bonds, due Dec. 1, 1971

Address—110 N. Illinois St., Indianapolis, Ind.

Business—Incorporated in Indiana on Sept. 6, 1941, as result of consolidation of Public Service Co. of Indiana, Central Indiana Power Co., Northern Indiana Power Co., Terre Haute Electric Co. and Dresser Power Corp. Company is a public utility operating in State of Indiana and is engaged principally in production, generation, manufacture, purchase, transmission, supply distribution and sale of electric energy and gas, and in the supply, distribution and sale of water.

Underwriting and Offering—The bonds will be sold under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters, and public offering price, will be supplied by post-effective amendment to registration statement

Proceeds, plus other funds of company if necessary will be applied to redemption, within 40 days after issuance of the bonds, of the $38,000,000 of Public Service Co. of Indiana first mortgage series A 4% bonds, due Sept. 1, 1969, at 106½ and accrued interest; and $4,000,000 of the net proceeds will be deposited with the trustee under the series D indenture and will be used in accordance with the provisions of the indenture

Registration Statement No. 2-4893. Form A2. (11-22-41)

Effective—10 a.m. E.S.T. on Dec. 6, 1941

No bids for the purchase of the bonds were received on Dec. 16, 1941

RAILROAD EMPLOYEES CORP.

Railroad Employess Corp. registered with SEC $750,000 5% convertible sinking fund debentures, due Dec. 1, 1956; and undetermined number of shares $1 par class A common stock, reserved for issuance on conversion of the debentures

Number of shares reserved for conversion purposes, 107,142

Address—155 E. 44th St., N. Y. City

Business—Through subsidiaries, engaged in the "small loans" business in New York and New Jersey

Underwriters—E. H. Rollins & Sons, Inc., New York, is principal underwriter; others to be named by amendment

Offering—Debentures will be offered to public, at price to be supplied by amendment

Price supplied by amendment, $98

Proceeds will be added to general funds, and used in part to reduce bank loans and commercial paper

Registration Statement No. 2-4891. Form A2. (11-19-41)

Amendment to defer effective date filed Dec. 23, 1941

SOUTH CAROLINA INSURANCE CO.

South Carolina Insurance Co. registered with SEC 12,500 shares common stock, $8 par value

Address—1400 Main St., Columbia, S. C.

Business—Engaged principally in the writing of fire insurance

Underwriting and Offering—The shares will first be offered for subscription to present stockholders, under their preemptive rights, at price of $16 per share. Unsubscribed portion of such shares will be offered to public at $18 per share, within 30 days after effective date of registration statement. Underwriters will be named by amendment; underwriting commission will be $2 per share

Proceeds will go directly to capital ($100,000) and the residue to surplus. Company deems it essential to comply with laws of New York State, soon to become effective requiring a minimum capital of $250,000 and with the laws of Massachusetts requiring a minimum capital of $300,000

Registration Statement No. 2-4898. Form A2. (11-27-41)

Amendment filed Dec. 16, 1941, to defer effective date

R. L. SWAIN TOBACCO CO., INC.

R. L. Swain Tobacco Co., Inc., has filed registration statement with SEC for 1,000 shares 6% non-cumulative preferred stock, $100 par; 3,500 shares class A voting common stock, $1 par; and 50,000 shares of class B non-voting common stock, $1 par

Address—108 Market St., Danville, Va.

Business—Manufacture and sale of Pinehurst cigarettes and other brands and smoking tobaccos treated with the company's patented Panax Process

Underwriting—None. Securities will be sold by officers and licensed salesmen of company, and by John W. Yeaman, of Martinsville, Va. Commission to selling agents is $12.75 per share of preferred and 75 cents per share for the class A and B common stock

Offering—The securities will be offered to public at following prices: $85 per share for the preferred stock, and $5 per share each for the class A and class B common stocks. The preferred and class B common may also be sold in units of one share of preferred and 3 shares of class B stock at $100 per unit

Proceeds will be used to purchase a manufacturing plant, equipment, advertising campaign expenses, and for working capital

Registration Statement No. 2-4903. Form A1 (12-1-41)

Registration Statement withdrawn Dec. 20, 1941

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio, Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2. from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1. (8-27-41)

TIME FINANCE CO.

Time Finance Co. registered with SEC $400,000 10-year 5% sinking fund debentures, due Dec. 1, 1951, and option warrants for 20,000 shares common stock, $1 par value

Address—Louisville, Ky.

Business—Engaged in the "small loan" personal loan business in Kentucky and Minnesota

Underwriting—Underwriters of the debentures are Piper, Jaffray & Hopwood, Minneapolis, and Bankers Bond Co., Louisville, Ky. Underwriting commission is 6%

Offering—The debentures will be offered to the public at 100. Purchasers of each $1,000 debenture will receive an option warrant entitling holders to purchase 50 shares of common stock on or prior to Dec. 1, 1943, at $2.75 per share; purchasers of each $500 debenture will receive option warrants entitling holders to purchase 25 shares of common stock on or before Dec. 1, 1943, at $2.75 per share

Proceeds will be added to working capital

Registration Statement No. 2-4901. Form A2. (12-1-41)

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2 (3-20-40)

Amendments filed Nov. 25 and Dec. 13, 1941, to defer effective date

UNITED WHOLESALE DRUGGISTS OF PITTSBURGH, INC.

United Wholesale Druggists of Pittsburgh, Inc., registered with the SEC 4,000 shares no par common stock

Address—6543 Penn Ave., Pittsburgh, Pa.

Business—Incorporated in Delaware on April 28, 1941, to engage in business of selling drug store merchandise

Underwriting—None

Offering—The 4,000 shares of common stock will be sold by the company direct to (exclusively) retail druggists, at $50 per share

Proceeds—Will be used for purchase of equipment, and for working capital

Registration Statement No. 2-4818 Form A-2 (8-22-41)

Effective—Oct 7, 1941 at 11 A. M., E.S.T.

VIRGINIA LAND CO.

Virginia Land Co. registered warranty deeds representing interests in oil and gas lands in the Everglades, Florida, about 50 miles west of Miami

Address—Theatre Building, Coral Gables, Dade County, Florida

Underwriters—None

Offering—Interests will be sold to the public at prices from $20 per acre up to $150 per acre

Proceeds — For development of lands, purchase of equipment, and working capital

Registration Statement No. 2-4767. Form S-10 (5-23-41)

Effective—Under notice of deficiency 4:45 P.M., E.S.T., Sept. 21, 1941.

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. filed a registration statement with the SEC for: $22,800,000 first mortgage 3½% bonds, due Dec. 1, 1971; $5,700,000 of 2%-3½% serial notes, due semi-annually June 1, 1944-Dec. 1, 1951, in varying amounts (from $320,000 to $390,000); 70,000 shares 5¼% cumulative preferred stock, $100 par value; and 628,333 shares common stock, no par

Address—117 S. Washington St., Alexandria, Va.

Business—Company is principally an electric operating public utility engaged in the production, purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. Company is a subsidiary of General Gas & Electric Corp., which is in the Associated Gas & Electric Corp. holding company system

Underwriting and Offering—The securities registered will be sold through competitive bidding, under the SEC's competitive bidding Rule U-50 of the Public Utility Holding Company Act. Only exception is confined to such shares of the new preferred stock as may be issued on a share for share basis (with a cash adjustment) to holders of the presently outstanding preferred stock who do not elect to take cash for their stock. Name of underwriters, and public offering prices for the securities, will be supplied by post-effective amendment to registration statement

Proceeds will be used as follows: The 628,333 shares of new no par common stock will first be issued to General Gas & Electric Corp. in exchange for the old common stock now held by General Gas & Electric Corp., and will be offered for sale through competitive bidding. The proceeds from the sale of the securities registered will be used to retire all of the outstanding long-term indebtedness of the company, its predecessor and constituent companies, and that of Virginia Public Service Generating Co. (a subsidiary), to make cash payments to its present preferred stockholders, and to provide company with funds for new construction

Registration Statement No. 2-4913. Form A2. (12-12-41)

Amendment to defer effective date filed Dec. 26, 1941

Heating and Ventilating Exposition To Be Held

The 7th International Heating & Ventilating Exposition is to be held at the Commercial Museum, Philadelphia, Jan. 26 to 30, next. The exposition, which has been planned for more than a year as a normal presentation in the biennial sequence of heating and ventilating expositions, has taken on increasing importance recently with many exhibitors because of the growing stress of defense preparations. Priorities, shortages, substitutions of materials, diversion of products out of normal channels and into the defense routine have created situations which can most promptly be analyzed and harmonized by bringing together suppliers of materials, manufacturers and consumers, with their technical advisors at one time and place.

Such a meeting ground the exposition provides, with the added advantage that it also presents the physical aspects of products under discussion in their newest forms including changes recently made in view of emergency conditions.

A timely and stimulating program, organized by the American Society of Heating and Ventilating Engineers, under whose sponsorship the exposition is held, is expected to draw a record-breaking attendance for the society's 48th annual meeting, Jan. 25-29.

Other gatherings projected for the same period include that of the National Warm Air Heating and Air Conditioning Association, Jan. 27 and 28.

Murrey Perlman Will Be Partner in S. K. Cahen Co.

Murrey Perlman, formerly with Loeb, Alsberg & Co., will become a partner of S. K. Cahen & Co., over-the-counter brokers and dealers, on Jan. 2, 1942, when the firm will move its offices to 65 Broadway, New York City.

Gaylord in Air Corps

Bradley Gaylord has retired as a partner in Laurence M. Marks & Co., 49 Wall Street, New York City, members of the New York Stock Exchange, to accept a commission in the U. S. Army Air Corps.

Pa. Factory Employment Sustained In November Delaware Slightly Off

Employment in Pennsylvania factories was sustained in November at a peak level approximating 1,150,000 workers and wage disbursements showed only a slight decrease from the record volume of about $36,000,000 a week, according to reports received by the Federal Reserve Bank of Philadelphia from 2,883 establishments. Ordinarly, wage payments declined substantially from October to November. Total employee hours worked declined about 2% in the month. The number employed was 16% greater than in November, 1940: increases of 40% in payrolls and 27% in working time were reported in this period. Under date of Dec. 18 the Reserve Bank further reports:

> Wage payments in November approximated or exceeded seasonal expectations in all major lines. Increases over a year ago were generally most pronounced in the heavy industries, particularly those turning out transportation equipment, certain types of primary iron and steel, a wide range of steel manufactures, and many non-ferrous metal products. The sharpest expansion from 1940 levels in non-durable goods lines has occurred at woolen mills, clothing factories, establishments producing leather and leather products, chemicals and drugs, and at canning plants.
>
> Hourly earnings of factory workers in Pennsylvania increased in November to a new high average of nearly 84 cents as against 73 cents a year ago. But the number of hours worked per week declined to 40.8 from 41.5 in October, so that average weekly earnings decreased slightly from a peak level to $33.82. This was $5.6 above November, 1940.
>
> At reporting Delaware factories the number employed showed a small decline from October to November, but was about 30% greater than a year earlier. Wage payments increased somewhat to a level 63% above 1940. Working time decreased fractionally from October, owing largely to a seasonal decline in activity at canning factories.

Cgo. Trade Board To Vote On New Membership Rule

CHICAGO, ILL. — Members of the Chicago Board of Trade on Jan. 6, 1942 will vote on a proposal to require member firms to own memberships in proportion to the number of partners in the firm. Under the proposed rule, a firm with two partners would be required to own two memberships; three to five partners, three memberships; six to ten partners, four memberships, ranging up to ten memberships for a firm with thirty-six or more partners. Officials of the Board of Trade have estimated that between forty and fifty new memberships would have to be purchased under the plan which would become effective Jan. 1, 1943.

Madden At Barcus Kindred

(Special to The Financial Chronicle)

CHICAGO, ILL.—James Arthur Madden has become associated with Barcus, Kindred & Company, 231 South La Salle Street. Mr. Madden was formerly with Stifel, Nicolaus & Co. for many years, in the past being manager of their Cleveland office.

Adler Now Proprietor

(Special to The Financial Chronicle)

BOSTON, MASS. — Shirley Ruth Adler has become proprietor of Trescott Griffin & Company, 161 Devonshire Street.

Fixes Sugar Ceilings; Freezes Sugar Stocks

The Office of Price Administration on Dec. 21 established maximum levels for all types of refined and direct consumption sugars, covering sales by primary distributors and by wholesalers. Price Administrator Leon Henderson, in announcing the order, said:

> The OPA has removed all possibility that retail outlets will be forced to pay more for their supplies of sugar. Hence, there is no reason for American housewives to pay any higher prices for this fundamental foodstuff than they did before the attack on Pearl Harbor on Dec. 7.

Wholesalers were ordered not to raise prices above the highest price charged between Dec. 1 and 6.

Douglas C. MacKeachie, Director of Purchasing of the Office of Production Management, said on Dec. 20 that the Nation's sugar supply is "tight, but not bad." He stated that a consumer run on sugar developed after Japan's attack on Hawaii and that this buying took more than a month's supply off the market. This run, Mr. MacKeachie said, forced the OPM on Dec. 13 to order the Nation's sugar stocks frozen and limit new deliveries by importers and refiners to 1940 levels. The move was designed to "prevent possible hoarding or speculation." In reporting this action, Associated Press advices said:

> Emphasizing that there was no immediate or imminent sugar shortage, officials said the order would assure normal supplies to industrial and civilian consumers and would prevent further increases in 500,000 tons of sugar already built up as reserve supplies this year by jobbers, industrial users and wholesalers.
>
> Under the order, all such stocks in excess of 60 days' supplies are frozen immediately and no receiver may accept delivery of additional sugar from a refiner or importer if his stock on hand exceeds 30 days' supply.
>
> Further, no receiver can accept delivery of more sugar in any one month than he received during the corresponding month of 1940.

Dollar Exchange Pact With China Expected

Secretary Morganthau announced on Dec. 24 that the arrangement of July 14, 1937, under which the Central Bank of China has been enabled to obtain dollar exchange under certain special conditions, has been extended for a period of six months beyond December 31, 1941. The Treasury Department's announcement added:

> "This arrangement is to be distinguished from the stabilization agreement concluded by the Secretary earlier this year with the Chinese Government and the Central Bank of China, which provided for the purchase of Chinese Yuan by the United States Stabilization Fund to the amount of $50,000,000, and for the establishment by China of a United States Dollar-Chinese Yuan Stabilization Fund.

Reference to the Stabilization Agreement appeared in our issue of May 3, 1941, page 2777. The terms of the 1937 agreement were given in these columns July 17, 1937, page 360.

Filor Bullard Admitting

Joseph J. Mulcahy will become a partner in Filor, Bullard & Smyth, 39 Broadway, New York City, members of the New York Stock and Curb Exchanges, on Jan. 1.

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A Dealers' Bomber!

We are in receipt of the following letter which we commend to the attention of our readers:

No one will argue with me when I make the statement that the Security Brokers and Dealers and their employees are as patriotic a group as can be found in the country. These people are as anxious for the preservation of Democracy as all other good Americans and, if anything, they have a greater stake in the preservation of the capitalistic system than any other group.

I am not certain as to the number of people employed in the security business but it is my impression that there must be in the neighborhood of 100,000. I suggest that we in this industry underwrite a bomber for the United States Navy and, further, that we guaranty there always will be a bomber representing this industry working for the Navy. My idea is that voluntary contributions of not over $2 per person be received by someone and then turned over to the Treasury for the purpose outlined above. If anything happens to our bomber, we'll raise money for another one.

Many appropriate names for such a bomber would be available and as one I would suggest "'Pearl Harbor."

If you think this idea has merit I suggest your getting back of it and giving it the publicity which only the Chronicle can in our industry.

Very truly yours,
B. S. Lichtenstein.

Mr. Lichtenstein informs us that one of the banking institutions in New York City has assured him that it would be glad to act as trustee and depository for the fund suggested.

We suggest that interested readers get in touch with Mr. Lichtenstein, whose address is 99 Wall Street, and whose telephone number is Whitehall 4-6551.—Ed.

Geo. Mackubin Retires

The retirement of George Mackubin as a member of the New York Stock Exchange firm of Mackubin, Legg & Co. is announced today. The investment banking and brokerage business of the firm will be continued under the same name in Baltimore and Hagerstown, Md., and New York City, with John C. Legg, Jr., Auville Eager, Laurence M. Simmonds, Howard E. Demuth and Joseph W. Sener as the continuing partners.

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THE BOND SELECTOR

SUPERIOR OIL CO. (CAL.) 3½s, 1956

Recent Discovery Program Has Added Enormously To The Company's Reserves

Operations of Superior Oil Company consist entirely of the production of crude oil and natural gas primarily in California (where over 60% of total reserves are located) and in Louisiana and Texas. Some additional production is obtained from Indiana, Illinois, Oklahoma and New Mexico fields. The major portion of Superior's output is sold to other companies, including Pan American Petroleum and Union Oil of California. The company itself does no processing or refining.

In the past five years, the company has been engaged in a major development program. As an indication of the success of this program it should be noted that estimated proven reserves increased from 32,000,000 barrels on Aug. 31, 1937, to 130,000,000 on Dec. 31, 1939, and to 175,000,000 on Aug. 31, 1941. As a result of these enormous increases in reserves and the necessary large expenditures in bringing the expansion into being, the company's earnings have been held down by the extremely heavy charges for exploration and intangible development costs, since the company follows the practice of charging these costs against earnings as they are incurred. Lease rentals also are charged to current expenses.

These conservative accounting methods have resulted in the immediate absorption of all these expenses with the result that reported earnings in the 1938 and 1940 fiscal years were insufficient to provide for fixed charges. The following table shows sales and certain income items during some recent years:

(000 Omitted)

Fisc. Year	Gross Operating Income	Operating Expenses	Dev. Costs Writeoffs, D. & D.	Avail. for Fixed Charges	*Pro Forma Fixed Charges	X-Earned
1941	$16,720	$5,172	$9,285	$1,995	$525	$3.80
1940	11,140	5,107	6,941	903-d	525	---
1939	11,300	5,049	5,385	1,021	525	1.95
1938	10,391	3,942	6,875	281-d	525	---

*Based on annual interest requirements of the 3½s, 1956.

As an indication of the trend in annual production and the increasing drilling activity over the past several years, the following figures are presented:

	Net Daily Production (bbls.)	Wells Drilled		
		Producing	Dry	Total
1941	35,995	221	19	240
1940	23,850	122	18	140
1939	23,539	51	19	70
1938	19,170	70	11	81

The outstanding $15,000,000 of 3½% debentures due 1956 were offered on Nov. 15, 1941, at 103. At present the bonds can be bought in the neighborhood of 102, to yield about 3.33%. The indenture carries a sinking fund provision which retires all outstanding bonds out of earnings by maturity. The sinking fund starts operating on Nov. 1, 1944, on which date $400,000 are to be retired; $800,000 are to be retired in 1945, $1,000,000 in 1946, and so on. The bonds are redeemable at the option of the company in whole or in part at 105½ up to Nov. 1, 1942, at 105¼ up to Nov. 1, 1943, and at declining prices thereafter.

Of the approximately $15,000,000 received from sale of these debentures, the company used $10,094,000 to redeem the 3¼s due 1950, the balance of about $5,000,000 going to working capital. Actually, this balance and the amount raised in 1940 through the sale of the 3¼s financed and continues to finance the company's discovery program and this is expected to go on over the next year, particularly in the Lake Creek field in Texas.

At August 31, 1941, the company's net working capital amounted to $3,343,000. Total current assets of $6,742,000 included cash of $2,405,000, receivables of $1,885,000 and inventories of $2,452,000. The balance of funds received from sale of the 3½s, 1956, will increase the working capital figure by approximately $5,000,000.

The particularly favorable features of Superior Oil Co. include the following: (1) large reserves, amounting to nearly 6 barrels per dollar of market value of capitalization; (2) a growth company insofar as its discovery program is constantly augmenting reserves; (3) the fact that all costs for development are charged against earnings as incurred, and (4) indications that earnings will increase substantially over the near term.

These bonds can be considered somewhat better than medium-grade and appear to offer a relatively safe income-producing investment with but slight possibility of much in the way of price appreciation.

Harry Parker Forming Own Company In NYC

Harry Parker is forming Harry Parker Co., with offices at 74 Trinity Place, New York City, to deal in over-the-counter securities, specializing in inactive issues. The firm's telephone number will be WHitehall 4-8565, the teletype will be NY 1-1102. Mr. Parker, who is an active member of the Security Traders Association of New York, was formerly Manager of the trading department of the New York office of the Colonial Bond & Share Corporation of Baltimore.

Colonial Bond & Share To Have Wire To E. H. Gibb

Colonial Bond & Share Corporation are discontinuing their New York City office but will maintain a direct wire to E. H. Gibb & Co., 74 Trinity Place, New York City. Walter E. Bachman who was formerly manager of Colonial Bond & Share Corporation's New York office will become associated with E. H. Gibb & Co.

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The Business Man's Bookshelf

The Securities Market and How It Works

By Birl E. Shultz
Former Dean, New York Stock Exchange Institute
Harper & Brothers, New York, $5.00

All who have anything to do with today's security market, whether as brokers, salesmen, partners, members, customers, employees preparing for qualifying examinations, or students in college courses on this subject, will find this volume useful.

It grows out of instruction formerly given to registered Stock Exchange employees by the N. Y. Stock Exchange Institute, and supersedes "Stock Exchange Procedure," published in 1936. Here is thus the only complete, up-to-date and authoritative text on the entire work of stock exchanges and the N. Y. Stock Exchange in particular.

It presents the history and functions of stock exchanges, a detailed description of the succession of steps required in listing, buying and selling of securities and the technical features of procedure followed on the floor of the Exchange and in the brokerage office in handling various types of orders. Every aspect of mechanical operation and of the many current problems of stock exchange procedure is included.

Dr. Birl Schultz, Editor and senior author, was for many years the Director of the N. Y. Stock Exchange Institute. He was assisted by nearly forty associates who wrote certain portions or supplied special data.

Date of publication is Jan. 6, 1941.

Moroney, Beissner & Co. Is Now New Firm Name

HOUSTON, TEX.—As of today, the firm name of Moroney & Co., Niels-Esperson Building, will be changed to Moroney, Beissner & Co. The firm will continue as a partnership without any change in partners or personnel. Members of the organization are: Robert E. Moroney, Henry Beissner, Jr., and Claude T. Crockett. The firm has specialized in underwriting and distributing Texas municipals and corporate securities since 1919.

Wm. J. Mericka Co. Now In New & Larger Quarters

Wm. J. Mericka & Co., New York and Cleveland underwriting house, and specialists in Ohio securities, announce that the New York office has been moved to new and larger quarters at 29 Broadway. The telephone and teletype numbers remain unchanged.

The New York office is in charge of Thomas G. Horsfield.

Final Edition
THURSDAY
In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

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U. S. Outproduced Axis Powers In 1941, Says NAM President

American industry during 1941 produced as much or more essential war material than Germany and the Axis countries combined, William P. Witherow reported yesterday (Dec. 31, 1941) upon the eve of taking office as President of the National Association of Manufacturers for the year 1942. This production included all the essentials for a successful military campaign — machine tools, steel, petroleum products, electric power, automobiles and trucks, airplanes and aluminum.

Mr. Witherow, President of the Blaw-Knox Corp., Pittsburgh, Pa., indicated that his statement was a general summation of the highlights of the industrial year as they related to defense and war production.

The production of these vital wartime services and products was accomplished during one of the most critical periods in the industrial history of this country, the report said. It was done while factories, large and small, were switching over from peacetime production to the manufacture of defense materials. It was done while industry and the government were spending upwards of $2,900,000,000 in enlarging existing plants and building new manufacturing facilities. It was done while hundreds of thousands of green workers were being taught new trades and skills.

Following is the report of Mr. Witherow in full text so far as it relates to defense and war production:

Appropriations, Contracts And Expenditures

By the end of November over 71 billion dollars had been made available for the defense program. This includes not only direct expenditures by the Treasury, but funds made available through RFC and other government agencies, not reflected directly through Treasury disbursements. We are now embarked upon a victory program which ultimately may reach the staggering total of 150 billion dollars.

From July, 1940 through December, 1941, the direct disbursements of the Treaseury for all types of defense have been 14

(Continued on page 22)

On The Foreign Front

European Stock Markets

Uncertain trends were the rule this week on the London stock market, owing to war developments in the Far East. Although the European and African fighting provided some encouragement, loss of Hong Kong and the heavy Japanese attacks in Malaya and the Philippines depressed some departments of the London market. Tin, tea and oil shares were marked lower as the Japanese advanced.

A good deal of fundamental optimism prevails in London, notwithstanding the Far Eastern reverses. Conferences among the Allied war leaders are regarded hopefully, and the battles in Russia and Libya also contribute to the better sentiment. Gilt-edged stocks were in persistent demand, in the expectation of a considerable reinvestment of interest payments of the year-end. Home rail issues and various industrial stocks also improved. Latin-American securities advanced quite generally.

Markets in unoccupied France continued to struggle with the problem of drastic restrictions and regulations, and a demand for securities that far exceeds the available supply. Holidays interrupted the trading everywhere in Europe. No immediate reports are available as to trends in the Axis countries and those overrun by the German forces.

Allied Councils

Strategic plans for the world-wide warfare that has developed since the United States was propelled into the European and Far Eastern conflicts early in December are being worked out in protracted conferences in Washington between American and other Allied leaders, and in meetings elsewhere. Foremost among these conferences must be listed the talks between Prime Minister Winston Churchill and President Roosevelt in Washington. Immediately after his arrival on Dec. 22, the British leader began intensive negotiations with the President, which continued for a week. A corps of some 80 British military and economic experts accompanied the British spokesman, and conversations continued with

(Continued on page 20)

Binders For The Convenience Of Our Subscribers

Arrangements have been made with the "Expandit" Binder to supply temporary binders in which to file current issues of the Financial Chronicle in its new form. These will facilitate the use of the Chronicle and will protect copies against mutilation and loss. The cost is $2.50 plus postage for each of these binders which have been designed to hold one month's issues of the Financial Chronicle. Orders for binders should be sent to "Expandit" Binder, 25 Spruce Street, New York City.

GENERAL CONTENTS

Editorials

Page
What An Indictment! 17
Who Pays the Costs of War? 18
Democratic Fundamental 18

Regular Features

Financial Situation 17
Moody's Bond Prices and Yields 35
On the Foreign Front 17
From Washington Ahead of the News 20

State of Trade

General Review 20
Coal and Coke Output 32
Commodity Prices—Domestic Indexes 30, 36, 39
Commodity Prices—World Index 31
Petroleum and Its Products 38
Crude Oil Production—Week 35
Iron and Steel Operations—Weekly Review 33
Lumber Production, Shipments, Orders 33
Paperboard Statistics 32
Unemployment Lowest Since 1930 25
November N. Y. State Employment 26
November Engineering Construction 27
October Home Financing 28
Nov. Building Permit Valuations 31
November Life Insurance Sales 31
Electric Output in Oct. and Nov. 36
Weekly Electric Output 36
Bank Debits 34
Carloadings 34
Nickel Production at Record 39

Miscellaneous

NYSE Odd-Lot Trading 31
Trading on N. Y. Exchanges 30
London Stock Exchange 30
English Financial Markets 32
New Dwelling Construction in Non-Farm Areas in 1941 25
Byron Price Cencorship Director 25
New U. S.-Cuba Trade Pact 25
Wheat Output May Not Be Lower 25
Nat. Retail Dry Goods Convention 25
Supreme Court on Employers Right to Speak on Labor Issues 26
OPM Reorganizes 26
Roosevelt's and Churchill's Xmas Message 26
Colombian Bond Exchange Offer Accepted 26
SEC on Defense Disclosures 27
Contributions to Treasury for War Purposes 27
Rigid Financial Structures of Reorganized Rails Assailed 27
Paul Treasury Tax Adviser 27
Franklin Mott Gunther Dead 27
Nov. Security Issues Registration 28
Henry Parker Willis Fellowship 28
Dr. Soong Chinese Foreign Minister 28
October Factory Workers' Hours, Earnings 28
FSA Repayments 28
Transfer of Employment Agencies Sought 29
Nov. Chicago Home Loan Advances 29
Lend-Lease to Bolivia 29
1941 Cotton Loans 29
Sale of CCC Pooled Wheat 29
Interest on Brokerage Accounts 29
Defense Bond Sales in N. Y. 29
Braden Ambassador to Cuba 29
Rubber Rationing 29
FFMC Bond Calls 29
Cotton Qoutas Favored 29
Russian Repayment 29
Office of Defense Transportation 30
Changes in National Bank Notes 31
Alien Property Division Established 31
N. Y. Reserve Bank Branch Directors 31
U. S. and Canadian War-Time Production Combined 32
War Support Pledged 32
U. S. Outproduces Axis 17
Insured Bank deposits Up 18
California Trade Up 18
Auction Sales 38
New Draft Bill 37
Sparks Heads Treasury Defense Savings Staff 37
SEC on Investment Companies' Accountants 36
Other Alien Issues Banned 36
Danish Bond Maturity Deferred 35
Auto Sales 35
Items About Banks, Trust Companies 40
Churchill in Washington 40
War Hits Dawes, Young Loans 40
Federal Credit Bank Debentures 40
Red Cross campaign 34

(Continued on page 40)

THE FINANCIAL SITUATION

With the so-called "grand strategy" (probably as much political in the broader and better sense as military) presumably pretty well formulated and agreed upon by the heads of the leading anti-Axis powers, the United States Government will doubtless turn its attention in larger measure to the work that we ourselves must do to insure victory at as early a date as possible. There was obviously a goodly measure of pageantry in the visit of the British Prime Minister to this country. Such "showmanship" is, however, more or less essential to the conduct of war, and in any event there was a good deal of real spade work to be done in coordinating the operations of the industries, armies, navies and air forces of the various countries now arrayed against the common enemies. Such things as the allocation of materials, equipment and men, not only at home, but among the co-partners in this bloody enterprise had to be attended to if cohesion and effectiveness were to be attained. Common agreement upon the relative importance and strategical urgency of the various sectors of the almost world-wide battle front—a determination which are the first things to be done first—was likewise necessary.

If the assurances which have been issued during the past week are to be taken at full face value, all this in its major aspects has now been attended to. Naturally conclusions have not been, and will not be, made public. In any event they are for the most part matters which should rest with those who are provided with full knowledge of the true inwardness of the situations existing at many points on the globe and who are especially and technically trained to evaluate the facts at hand. It would scarcely be surprising if some difficulties were encountered. Various nations and various peoples have various things at stake. Some are more immediately imperiled than others, and sound strategy may demand that some groups be required to sacrifice a great deal more than others in order that ultimate success may be assured. Such, however, is the nature of war. At times this necessity may not be altogether clear to those who are called upon to bear the heaviest burdens, and at others (more often than we could wish of late) this necessity to "take it," to drop into the vernacular, may appear to be—and may be—a result of negligence, incompetency

(Continued on page 19)

What An Indictment!

Although present allocation procedures have improved the situation for fabricators, they do not offer any assurance that the allotments are so made as to assure the most effective use of all scarce materials. The current procedures have been developed by individual material diversions, with very little correlation between them.

Master plans and time schedules of productive requirements are not available, so that it is not yet possible for the allocation of one commodity to be meshed with that of another. Yet several commodities frequently impinge upon one another in the fabrication of an end-product, either because both are needed in its manufacture or because one can be used as a substitute for another.

***Only by allocating in accordance with such a master schedule can it be assured that fabricators will not be held up by "plenty of steel, no copper." Until the principle of control from "bottom up" throughout the field of scarce raw materials is adopted and administration is in accordance with an end-product preference classification and master-plan production there can be no satisfactory assurance of the smooth flow of scarce raw materials into the production of defense materials.*—Benjamin Caplan of the OPM.**

What an indictment of defense production management at the top!

Evidently shortcomings were not confined to the Hawaiian Islands!

Here is a situation which must be corrected, and unless all signs fail there are many more like them.

Let the authorities forget pageantry for a time and get down to real work.

Insured Bank Deposits And Deposits Insured Show Big Increase

A $5,000 individual deposit insurance limit fully protects 981 of each 1,000 depositors in insured banks, according to a survey made public on Dec. 19 by the Federal Deposit Insurance Corporation. Data submitted to the corporation by 13,434 insured commercial banks as of Sept. 24, 1941, also showed FDIC's potential liability under the $5,000 limit to be about $26,000,000,000. In its announcement, the corporation points out:

> Analysis of the reports revealed that since Sept. 21, 1938, last date for which comparable data were assembled, there had been a substantial growth in the amount of deposits held by insured banks, in the amount of deposits insured, and in the number of insured bank accounts. A decline occurred, however, in the percentage of total deposits covered under the $5,000 limit.

Between the two report dates the number of insured bank accounts increased from 61,000,000 to 67,000,000. Total balances in these accounts increased from $48,000,000,000 to $68,000,000,000. Insured deposits rose from $22,000,000,000 to $26,000,000,000. In the same period the percentage of deposits insured under the $5,000 individual limit decreased from 45 to 38%.

Of the 67,000,000 accounts, 93.1% were for amounts not exceeding $5,000, the insurance maximum under FDIC law.

Size of the average account reported by insured commercial banks increased from $785 at the earlier report date to $1,013 on Sept. 24. Average size of fully insured accounts (those not exceeding $5,000) increased during the period from $277 to $301.

Other points developed by the survey were:

1. About 95% of the accounts were held by the general public. These, in amount, accounted for about three-fourths of total deposits, or $49,000,000,000. These deposits were 49% covered by the $5,000 insurance maximum.
2. Of the accounts held by the public, more than one-half were time and savings accounts, with balances aggregating $14,800,000,000, of which $12,800,000,000, or 86%, were insured.
3. In each of 11,239 reporting banks, the $5,000 individual insurance limit protected 70% or more of total deposits; in 228 of these banks 100% of deposits were protected.
4. In one-third of the insured commercial banks, more than 90% of deposits are protected under the $5,000 limit; protection ranges from 80 to 89% in another one-third of the number of banks.
5. Approximately one-third of the amount of insured deposits were held by 158 banks, each with deposits in excess of $50,000,000. About 3% of the accounts in these banks were for amounts greater than $5,000. Their total deposits were about 21% insured.

California Trade Up

California business in November showed a further increase under the impetus of the rapidly expanding defense industries, according to the current "Business Outlook" released by the Wells Fargo Bank & Union Trust Co. of San Francisco. The Wells Fargo index of California business activity (1935-39 average equals 100) rose to 181.3 in November from 172 in October. The November gain over October resulted from increases in all four of the index factors — department store sales, bank debits, freight carloadings and industrial production.

Editorial—

Who Pays The Costs Of War?

Within a week the public of the United States has learned that Federal commitments upon the present war program, with actual war only three weeks old, have already attained an aggregate stated officially as $78,212,000,000. This sum would mean the conversion into war materials of labor and goods currently valued as the equivalent, in that sense, of almost exactly one quarter of the highest figure ever estimated for all the private and public wealth of the nation, including all streets and highways, all structures, farms, live stock, implements, machinery, everything. But this is merely a beginning. No one in authority has attempted to fix any limiting aggregate within which the total war costs can or will be kept, it is officially announced that huge additional appropriations must rapidly follow. In truth, there is no limit except the still unmeasured capacity attainable by all the man-power and capital-power that the public, sacrificing to the last extremity, can organize in its paramount effort towards efficiency against external enemies without impairing that efficiency by failing to provide for the subsistence of the human beings upon whose labors it is ultimately based. Indeed, figures such as those cited, even if they did not exceed comprehension by their magnitude, could serve for nothing except to suggest an all-out, total, unlimited determination and effort. To suggest, also, a vast and still immeasurable burden that somewhere and somehow must be supported, unless by some magic not anticipated, there may still prove to be a tolerable alternative.

Where are such costs to fall? Upon whom will they fall? How can they be borne? The last of these questions has already been answered. They can be borne only by the extreme sacrifice of unique devotion to the war aims. Only by sacrifices extending quickly to reduction of all living standards which, if carried to the ultimate, must involve impairment of the physical well-being of all existing members of society and many among their posterity, can these costs be met. There is discussion of the practicability of financial expedients by which some larger or smaller share of the aggregate cost might be lifted from the shoulders of the existing generation and shifted to those of a generation or generations still unborn. Some newspaper editorials, and a good deal of current discussion, indicate that there is rather general belief that what is today borrowed and left to posterity to pay relieves those who do the borrowing, to the full extent of all that they borrow, from the burden of the expenditures. Some regard such shifting as unfair to posterity, others take the view that if the future is to benefit from conditions established as results of warfare (as in an effective "war to end wars" or "to make the world safe for democracy") it is only fair and just that posterity should pay a part of the cost. All such thought and such discussion are wholly futile and illusory. Posterity cannot avoid payment. It will have to pay the interest or principal, sometimes both, of all unliquidated debt left to it, or make the more costly and degrading payment of shameful repudiation, but such payment can lift no single item or iota of the whole burden from those incurring it. Posterity must also pay by bearing the hardships and incurring the additional and more difficult labor consequent upon the reduced legacy of machinery, tools, and capital left by its predecessors, but neither will this heavy loss be in any degree a gain to that predecessor.

The unavoidable truth, that the present generation must bear all the cost of the wars that it has made, can be demonstrated by brief inquiry concerning the intrinsic character of the costs themselves. Upon such an inquiry, intelligently pressed, it will be seen that it is precisely as illogical to pretend that posterity can take away from a war-making generation any part of the material costs of any war it makes as it would be to contend that it is within its capacity to assume some share in the losses by maiming and slaughter that are its accompaniments. Losses of limb and life falling upon one generation do impair the quality and reduce the numbers of the generation succeeding and material losses may have similar consequences, but that by no means reduces or mitigates the loss to the one existing. Aside from death and injuries to persons, the material losses of warfare are all reducible to three categories and no more. They involve (1) existing property destroyed by military operations or to prevent its falling into enemy hands; (2) the conversion of property already in existence into subsistence and supplies devoted to military uses, including the production of other goods for such uses; and (3) the employment of capital and labor in the production of commodities or services for similar purposes.

Everything permanently converted in such manner is lost, and this includes the deterioration of existing property that is not fully maintained because the labor and materials required to keep current repairs and replacements at the level of the inevitable losses from current wear and tear are diverted to the purposes of armed conflict. Likewise, the current usufruct of capital, the use of which is diverted to warfare, is irretrievably lost, although with continued peace such usufruct would have contributed to peaceful production. This usufruct is forever lost and so, also, is all the effort of labor that goes into implements and measures and operations of destruction. Necessarily, the full cost of all these losses must be

Editorial—

Democratic Fundamental

In fighting the battle against foreign aggressors for our democratic way of life, most of the outward forms and trappings of democracy will have to be relinquished, for the time being. Militarily, psychologically and economically, the United States is moving toward a unity and a fixity of purpose that will override most of the considerations of democratic government. Not only the needful will be asked of the people, but also many absurdities, of which the prohibition experiment of the last war stands as the shining example.

There is going to be a real problem, in coming months and years, in keeping alive the essential spark of democracy. This task is one that apparently will devolve upon the smaller governmental units throughout the country, and if the problem is recognized the solution may lead to renascence. Far too much was given up by the State and local regimes in the past decade to the Federal Government. The centralization, which is a negation of democracy, now will proceed even farther, as a matter of simple wartime necessity.

"The National Government is our strong right arm, the Union is our shield, but the little governments of the people are the soul of American democracy," is an appropriate comment made recently by a leading spokesman for the Conference on State Defense. The phrases reflect an intensive investigation made by the Conference into all aspects of genuine democracy, as part of the opposition to taxation by the Federal Government of State and city bonds. The true home of democracy, as political thinkers from Plato on have recognized, is the small unit of government.

The attainment of democratic government in England, whence it was transported to our own shores, illustrates the matter perfectly. Harsh despotisms gradually were whittled away in the England of the Middle Ages through the growth of the municipalities, which prospered as trade developed. The rulers found themselves unable, after a time, simply to appropriate the funds of the burghers, and had to resort to a sort of barter, in which the municipalities purchased rights and privileges of self-government in the form of charters graciously granted by the sovereign, for cash on the barrel-head.

Modern democracy is a direct outgrowth of this process of draining the power of the central regime and strengthening that of the "little governments." The rights of the local regimes were jealously guarded, while the memory was fresh of the costs and difficulties of attainment of such rights. In recent years, however, the contrary tendency has been in effect in our country of Federal purchases of local government rights, through relief disbursements, grants and a myriad of other considerations, all of which were accompanied by greater control from Washington of the "little governments." Real democracy slowly was whittled away by this attrition in precisely the manner that it was attained by the burghers of England centuries ago.

A test of the extent to which the process has been carried in the United States possibly will develop on the question of Federal taxation of State and city securities. All attempts by the Federal Government to impose such taxes so far have been defeated, and the defeats invariably have been resounding ones. New forms of attack now are foreshadowed, however, and the small regimes will have to redouble their guards.

But it will not be enough merely to defeat new and ever more subtle attacks on local governments through the avenue of Federal taxation of State and city bonds. The "little governments" must learn to do again for themselves many of the things for which in recent years they looked to the Federal Government. The times are especially appropriate for this, since it will now be vitally necessary for Washington to concentrate on the task of defeating the enemy. Re-establishment of local independence in local affairs would aid the war effort by lessening the disorder and confusion in Washington, and also would plant anew the seeds from which real democracy sprouts.

borne by those who possess and use, and might use, the capital goods converted to war purposes and those who perform and pay for the labor that is similarly devoted to the purposes of ultimate destruction rather than to valuable production. There is here no attempt at weighing or measuring the extent of the losses that may have to be assumed or that ought to be assumed and borne with courage and through ungrudging sacrifice. But all thought that such losses, or any part of them, can be, as it were, carried in a suspense account, and ultimately, by some legerdemain of public finance, forced upon humanity not yet born, ought forever to be abandoned. The generation that makes war must inevitably meet all its losses and all its costs. Questions of borrowing or taxation may affect the public credit—their determination can have no effect whatsoever upon the initial impact of the losses of warfare.

Posterity Will Also Pay

Yet posterity cannot escape., Normally, in a civilization that is not decadent but remains progressive, each generation stands materially and morally, upon the shoulders of the generation by which it was preceded. Normally, it is the desire and the happiness of each generation to transmit to posterity more, in things material and in things of the spirit, than it received. If it wastes much that it received, whether in warfare or by profligacy, and finds no way to its replacement, the wasteful generation has failed to meet adequately its obligations. Possibly, with the light that it possessed and the limitations of its resources, material and moral, it could have done no better, yet such a generation has not fully risen to its responsibilities. The least that can be said is that it ought to have known better and should have found a way. Scarcely can the present generation, considering all Europe and all America together, wholly escape from this reproach. It is not yet time to go much further than that in assigning responsibility for the vast losses, already incurred or still to come, of the world conflict now raging. Perhaps it all started with the overweening ambitions of one man and the grasping selfishness of one nation—or from intemperate oppression directed against one nation that became impatient under its injuries. Perhaps no man and no statesman in the United States has any share in the awful responsibility—but the losses are here and are likely to grow and to accumulate and there should be no misunderstanding as to where they must fall.

THE FINANCIAL SITUATION

(Continued from First Page)

or lack of foresight in the past. It is, however, the part of wisdom, indeed it is necessary to leave these broad decisions to the duly constituted authorities of the various countries involved, at least until experience has clearly and unmistakably demonstrated the need for some other course of action. Their responsibilities are heavy and they should have the support, and deserve it, of all of us.

Our Own Tasks

When, however, all such plans are laid and have gained the full consent of all parties, the real work of each nation in performing the tasks assigned to it remains. One need not speculate upon the precise nature of the role that has presumably been assigned to this country. One decision may be taken for granted. Indeed it has probably been taken for granted by all those concerned from the first day of our participation in this war—and long before. It is that the United States must in every sense of the word be the chief arsenal for all its allies. The production facilities of Great Britain are relatively limited, and, moreover, are far too near the scene of strife to be the main reliance. Whatever may be the final outcome of the Russian counter-offensive, the fact will remain that much damage has been done to the industrial mechanism of that country, which accordingly can scarcely be expected to perform as it has evidently done in the past in the matter of armament production. As for the rest, with the possible exception of Canada, they are not industrialized nations. The whole anti-Axis world of necessity has its eyes upon us. If we succeed the cause will prevail. If we fail—well we simply must not and will not fail.

Ours is par excellence a production job. To be sure our navy has a large and difficult task on its hands both in the Atlantic and, particularly, in the Western Pacific, but we may feel assured that at one time or another, despite its poor start, that task will be performed successfully if we supply the tools promptly and in abundance. Without a really first class production performance it can not succeed. Without such a performance it is more than doubtful if any of our allies can really succeed in the tasks, whatever they may be, that have been or may be assigned to them. Nor must we fall into the error of supposing that our effort can in any sense be measured in dollars appropriated, or, for that matter, in dollars actually expended. Certainly the percentage of "national income" expended for armament is meaningless, except possibly in determining the degree of sacrifice we are making—and it is but an indifferent measure of even that phenomenon. What we want and must have its armament—the instruments of war—in the right amounts, of the right kind and at the right time, which is the earliest possible moment. Production carefully directed to produce first things first and vital things always, not budget-making or pride of spending, will win this war.

Unfortunately it is obviously unwise to make public details of our record in this matter. It is accordingly difficult for the public to appraise our effort to date, or very accurately to assess the existing situation in respect of these things. Enough is known, however, to make it clear that what we have done, despite all manner of handicaps, in the way of producing machines of war and in preparing to produce more of them in the future constitutes a rather impressive record even if far from what it might have been had it been better managed from the top. The newly inaugurated President of the National Association of Manufacturers, upon the occasion of assuming office, has assembled from the public record supplemented apparently by his own extended observations for which he has doubtless had exceptional opportunity, a summary of our achievements during the year and a half of our armament effort, and set forth in outline at least some of the perplexing problems which must be solved in the year ahead. It is an impressive compilation, which we give fully today on another page.

Of an authorized program involving nearly $64,000,000,000 by November 1, last, contracts had been awarded up to that date of some $39,263,000,000. But it is actual production that counts most, not "orders." From a production of 5,800 military planes in 1940 we advanced to an output of about 20,000 in 1941, according to the estimate now in hand, which asserts that the current rate exceeds 2,500 per month. Airplane engines are being produced at a rate of 6,000,000 horsepower a month, and propellers are coming from our plants at a rate exceeding 50,000 per year. Tanks, the report asserts, are being made in this country at the rate of 2,800 a month. And so the story goes. Many plants are tooling, some are largely now tooled, for further increases in nearly all essential lines. About half of the man-hours of work in the automobile industry are said already to be devoted to armament.

Problems Remain

It has taken a long time to get to this point, which with singleness of purpose, intelligent planning, and vigorous direction in Washington could have been reached much sooner, but it is heartening at such a time to know that we have proceeded thus far. But the point is that by the time we reach this stage, we find that events are now demanding a great deal more with the utmost urgency. Let no one suppose that the road will be easy from this point on. Quite the contrary. True it is, of course, that the mass production of such equipment as is here in question entails a lengthy period of designing the articles desired and of designing and making the machines and tools with which to manufacture these articles, and that once this preliminary work is done production proceeds at a relatively high rate of speed. True it is that a broad foundation has been laid for future effort. It is, however, also true that the foundations built are not large enough, but must again be greatly enlarged during the coming months, as is the further fact that full utilization even of the plant that will be ready within a relatively short period of time presents some problems of great difficulty.

First of all, our "stock-pile" managers have, from all appearances, failed in their appointed tasks, and so it is that we are obliged to be saving of such items as tin and rubber which for the most part come from parts of the world now directly threatened by the enemy, or one of them. In other instances, the reformers succeeded in years past in creating a situation in which full expansion of the production of certain other materials is very difficult. In still others, there was much more talk and action almost up to the attack on Pearl Harbor. Fortunately, there are in observable prospect no drastic shortages for military purposes of critical materials, but much better management in the direction of their employment is essential not only to be certain that supplies will not be exhausted, but also that the most important and the most urgent needs are first and most fully met.

But materials are not the only source of difficulty. Day dreamers there are still in the national capital and elsewhere who never for long cease their lamentations over what they describe as the coming wave of "priorities unemployment," but the fact is that the time is not far distant, assuming that we push forward vigorously with defense

(Continued on page 20)

U. S. Takes Over Liners Normandie, Kungsholm

The United States Government on Dec. 16 took over the 83,000-ton French luxury liner Normandie. According to an announcement issued by the State Department, the liner is to be turned over under existing law to the U. S. Maritime Commission and fair and adequate compensation will be made to the owners. This action was described in the announcement as similar to that taken by the Government in the case of the Swedish vessel Kungsholm and vessels of other friendly powers. The Kungsholm, a 20,000-ton liner, was taken over by the Government on Dec. 13. At that time the State Department said:

> The United States Government has exercised its right of angary to take over the Swedish motorship Kungsholm. The Kungsholm belongs to a friendly power but she is a luxurious passenger vessel which has been employed until recently on pleasure cruises. In view of the impracticability of continuing the business of pleasure cruises as well as the desire of the United States to be relieved of the burden of protecting the movements of vessels unnecessarily proceeding in waters of the Western Hemisphere, and the consequent prospect of a long period of idleness in American port and the great expense to the Swedish interests involved, it was considered advisable for the United States Government to take over the vessel for just compensation as provided by law.

In announcing the acquisition of the French liner Normandie, the State Department disclosed that negotiations had been under way with the French Government for the purchase of the ship. "The French Government," the State Department said, "expressed willingness to sell it but the conditions for payment attached to the proposal have been rendered impracticable by the entry of this country into war."

The crews on all French ships in United States ports were removed by the Coast Guard for the Navy Department on Dec. 12 in what was described by a State Department announcement "as a measure of necessary protection to the crews and vessels." This action affected four French freighters and the Normandie in the Port of New York and nine other French ships in other American ports. Most of these French vessels have been under "protective custody" of the Coast Guard since May 15, 1941, this step being taken following the seizure of German, Italian and Danish vessels in United States waters.

The Normandie has been tied up at a New York pier since the outbreak of the European War in 1939.

Swiss To Act For U. S. In The Axis Countries

The State Department announced on Dec. 17 that Switzerland will represent the United States in all belligerent countries and also in all countries occupied by the Axis powers.

At the same time it was made known that the Swiss Minister to Washington, Dr. Charles Bruggman, will assume charge of German, Italian and Bulgarian interests in the United States, while the Spanish Ambassador, Don Francisco de Cardenas, will represent the Japanese, and the Swedish Minister, W. Bostrom, will represent Hungary and Rumania in this country. The Swiss are also representing the Japanese in the Philippines and Samoa while Sweden has taken over diplomatic representation of the Japanese in Hawaii.

THE FINANCIAL SITUATION

(Continued from page 19)

production, when we shall be faced by a drastic shortage of labor, particularly skilled labor, but of labor quite generally. The so-called labor force of the country is now very nearly fully occupied in the sense that unemployment has been reduced to relatively very small proportions. If, as has been estimated, we shall need at least 3,000,000 more workers by the middle of this year, where shall we obtain them? And how shall we train them adequately and in time to be of the utmost service? Longer hours will without doubt be necessary in many instances. Certainly there should be no more "made-work" nonsense. Older and younger men and women will have to be called into service. But all these recourses raise problems many of which are made immensely more difficult by the so-called reforms of recent years. Plainly we shall, or certainly many of us, particularly those in public office, be obliged to re-orient our attitudes and our thinking about many things if this defense production task is to be performed as it must be.

Production, not paternalism, must henceforth be the watchword. In the degree that we are able thus to readjust ourselves promptly shall we succeed in the tasks that have been set for us. It is to such questions that the Administration must now turn, and to them it must bring a much larger degree of realism and a much greater degree of determination to do what is necessary to get results.

FROM WASHINGTON
AHEAD OF THE NEWS

Notwithstanding that this writer has been "close" to "big men in government" for some 20 years, and that manifestly, for the past nine years, approximately, I have been exposed to, and presumably studied, every brand of economics that the economists could produce, I am today in an utterly bewildered state.

It has occurred to me, perhaps, for the first time, that I had better "go all out" or some of the other things which the Government has been demanding. At least, I think I should do something such as getting a job in the OPM, Nelson Rockefeller's outfit, Fiorello LaGuardia's or Bill Donovan's, to add to the confusion.

Frankly, I don't think I had realized the seriousness of the situation until this morning. There was Honolulu and I quickly concluded that there should be some scapegoats such as Admiral Kimmel and, I also had in mind, Secretary of the Navy Frank Knox. But it seems that what is known as the "public" attitude is that he did a good job in flying out to the islands and coming back and courageously admitting that something had gone wrong. Then, in my emotions, I went overboard for General MacArthur, who was down there in the Philippines—way down there—standing off the Japs practically alone. Now, the story in Washington is that he was caught practically as much off guard as our Army and Navy at Honolulu; that his planes were on the ground, too, and were pretty well destroyed. In an effort to get all the information possible around Washington—and please bear in mind, none of this is intended to give comfort to the enemy, but is for what possible enlightenment to our own people it may afford—I ran into this only today and it was quite a disillusionment because the most of us had been thinking it was an outrage that we didn't have more equipment in the Philippines. And in the meantime, as if by way of confirming our thinking, MacArthur has been made a General instead of having suffered the experience of Admiral Kimmel. Now, neither I nor any other writer in Washington knows whether this is the true state of affairs: whether it is a fact that MacArthur was caught off guard along with those

(Continued on page 37)

The State Of Trade

Business activity was moderately lower, according to latest weekly statistical reports. Merchandise loadings, automotive activity and bituminous coal production dipped, offsetting a record high in electric output and gains for petroleum runs-to-stills and steel ingot production.

On the other hand, a record volume for store sales was registered during the holiday week. With wholesale markets reported as extremely quiet last week, Christmas buying in retail trades closed with a rush which, in many stores, was sufficient to cancel the lag two weeks ago, Dun & Bradstreet, Inc., reported in its latest weekly survey.

Despite rather unfavorable weather conditions, the buying rush on the part of consumers in the last week before Christmas registered the largest dollar volume of sales for the period on record.

Because consumer purchasing power is at peak levels, the usual post-Christmas decline in retail trade is not expected to be as marked as in previous years. The Federal Reserve Board index of department store sales averaged 102% of the 1923-1925 average in the first quarter of this year. The index is expected to run some 10% higher than this average in the first quarter of 1942.

Statistical news of the week was featured by the third successive record set by electric power output. Production of electric power by the entire industry during the week ended December 20th, reached a new all-time peak of 3,448,597,000 kilowatt hours, according to the report of the Edison Electric Institute. The margin of improvement over the corresponding period last year was 13%, while for the week earlier the report showed a gain of 14.2%.

Another feature of the statistical news was the report on engineering construction by "Engineering News-Record," which showed that awards dropped to $50,170,000, off 33% from the comparable 1940 week. Private awards are 67% lower than in the 1940 week, and public construction is 23% lower.

However, the current week's construction brings 1941 construction to $5,868,699,000, an increase of 47% over the total for 1940.

Freight car loadings showed a considerable dip for the week ended December 20th, total cars numbering 798,697 against 807,225 the previous week and 697,755 the corresponding week last year.

Automobile production dropped sharply for the week. Ward's Reports, Inc., estimated production this week at only 24,260 vehicles, as compared with 65,875 last week and 85,495 for the corresponding week of 1940. The publication "Automotive Industries," estimated that the production of trucks and commercial vehicles by the automobile industry in the United States and Canada would approximate 1,275,000 units during 1941, the highest level in history.

The publication attributed the estimated record to increased civilian use of trucks due to national defense, and the production of almost 25,000 military trucks monthly by the industry.

Christmas observance had much less effect on steel production than usual, the national output rate dipping only four points to 93.5%, in contrast to about 15 points in 1940 and 1939, the magazine "Steel," observed.

Output in the Chicago area increased one point to 104% of rated capacity, a new all-time high in the period. One company ran better than 103% of rated capacity. Buffalo's Christmas week output was up 2½ points to 82.5% and New England's production gained one point to 85%.

The magazine "Steel," reports that cancellation of orders by consumers whose production has been curtailed continues and removes considerable tonnage from mill books. Pressure to buy by civilian consumers has all but disappeared, leaving the way clear for war production, it was said.

"American railroads for the year 1941 handled without delay the greatest volume of freight traffic in history," John J. Pelley, President of the Association of American Railroads, said today in a review of the year's operations.

"The railroads," he said, "are confident of their ability to meet transportation demands in 1942 if materials for adequate maintenance and for new construction are made available."

Class I railroads will have net railway operating income before fixed charges of $980,000,000 in 1941, a return of 3.72% on property investment, and the first time since 1930 that more than 3% was earned.

Foreign Front

(Continued from First Page)

their opposite numbers in Washington, while the principals talked.

These discussions, it appears, were merely part of the world-wide anti-Axis conversations. In the temporary Chinese capital of Chungking, spokesmen for the American, British and Chinese regimes gathered last week, and closed their talks on Dec. 26. Close agreement on anti-Axis strategic plans was reported, with the general aim of offensive moves against Japan at the earliest possible moment. In view of the requirements of military secrecy no hint was given, naturally, of the time when the offensive might be taken. Great confidence was said to prevail, hovever, regarding the outcome of the world struggle.

It was made known last Monday that the Russian regime at Moscow had been made part and parcel of the diplomatic conversations through the dispatch to Moscow of Foreign Secretary Anthony Eden, of Great Britain. The British Foreign Office disclosed that Captain Eden had been in Moscow for several weeks, with a view toward integration of the British and Russian war efforts. Full agreement in all respects was said in London to have been reached. Russia, however, continued to refrain from warfare against Japan, which throws at least a degree of doubt upon the Moscow conferences, since nothing could be more advisable now than a Russian move which would make Eastern Siberia available to British and American air forces.

Successes or failures in other spheres, on the other hand, were of little immediate importance, when contrasted with the Washington conversations between British and American principals in the gigantic conflict. Faith in ultimate victory was expressed on Christmas Eve by President Roosevelt and Prime Minister Churchill. The two leaders attended religious services together, and they were accompanied by many members of the technical staffs of both countries.

Prime Minister Churchill acted last Friday on an invitation to address a joint session of the Senate and House of Representatives in Washington. Although the British spokesman disclosed little that was new, his extraordinary oratorical gifts swept the Congress and the people of the United States into a frenzy, and unquestionably contributed to the conduct of the war. As in some of his London speeches, Mr. Churchill hinted at a confederation of the English-speaking peoples. He assailed the Axis and assured the world of ultimate victory by British and American arms, in 1942, 1943 or 1944. A real offensive, he said, probably will prove possible against the Axis in 1943, but in the meanwhile some dark days can be expected. Some ground will be lost which it will be hard and costly to regain, Mr. Churchill remarked. Notwithstanding such comments, his address breathed confidence and heartened all hearers.

Interrupting his Washington conferences, Mr. Churchill proceeded early this week to Canada, where he addressed the Parliament, Tuesday, in much the same terms used at Washington. The role of the British Dominions in the war gained attention in the Washington discussions, which were joined by Canada's Prime Minister, W. L. Mackenzie King. On his journey to Canada Prime Minister Churchill was accompanied by Mr. King, and a complete understanding was reported between these authorities.

Of primary importance were indications that Australian spokesmen also were being consulted while the Washington conversations were in progress. The Australian Prime Minister, John Curtin, stated openly last Saturday that his country relies chiefly upon the United States for defense against the Japanese aggressor, and the comment was well received everywhere. He made it plain that the Australians have little patience with declarations indicating that the European Axis countries are the chief enemies. Australia, Mr. Curtin said, refuses to regard the war in the Pacific as a side show to the war in Europe.

The precise strategy worked out for the prosecution of the war as a result of these and other conferences, remain a military secret. It was stated in Washington, however, that the American Navy is not idle, and some succor for the Philippines seems likely. The war in the Pacific may, indeed, assume first importance soon. Prime Minister Churchill explained the lack of British and American progress in the Far East as due to the diversion of supplies and strength to the Libyan campaign and the battle of the Atlantic. Both spheres were showing results favorable to the Allies, he said, which warrants the conclusion that greater pressure against the Axis is a matter of weeks rather than of months.

Japanese Attacks

Few favorable developments can be reported this week in the vast Pacific area, where the aggressive Japanese pushed with frenzied vigor the temporary advantage gained by their unprovoked attack on Hawaii, the Philippines and the great British and Dutch possessions. The military value of the initiative and of surprise attacks never was better illustrated than in the current phase of the Pacific struggle, and it may be added that the debasement of treachery also never gained a more pat illustration. The grim aspects of the battle eventually will give way, however, to retaliation and it is toward later phases of the conflict that the country already is looking.

In the struggle between Japanese and American forces, our own troops have remained principally on the defensive. There have been submarine forays into Japanese waters, and some aerial attacks also have been made upon the Japanese in the Philippines. These, it must be admitted, were altogether inadequate. The enemy remained in full control of the waters of the Western Pacific and landed numberless troops in the Philippines. There the principal battle was joined, and a bitter struggle is on for Manila. Our own forces are far outnumbered and they have been unable to prevent vast destruction in the islands.

That reinforcements are being rushed to the Philippines seems obvious, and hints to that effect were thrown out by the White House secretariat, early this week. Whether such forces will be adequate and of a nature suitable for the task in hand is not yet clear. The hard requirements of a two-ocean war are upon us, and it may not prove possible to divert to the far Pacific an adequate naval force for control of those waters. These are matters of military secrecy, on which no information is available, save for occasional official comments about the need for maintaining the supply lines to Great Britain

The heavy troop landings by the Japanese on Lingayen Gulf points of Luzon Island were augmented steadily and sharply, over the last week-end, and fresh troops also were poured by the enemy into beachheads on Lamon Bay, southeast of Manila. Landings at seven different Luzon Island points were effected, and no fewer than 200,000 Japanese were reported in the invasion forces. In the course of this week, tanks and heavy guns were added to the manpower of the invaders, who managed to push toward Manila from both north and south.

Official communiques issued by General Douglas MacArthur indicated steadily that our forces had the situation in hand. Aided by their Filipino associates, the few American soldiers battled valiantly, and the enemy suffered not only severe casualties, but also a loss of time which may prove of the highest importance. Slowly withdrawing toward prepared lines, suitable for the relatively small forces, General MacArthur consolidated his troops in areas about fifty miles north of Manila and 35 miles south of that city.

Perhaps the most unfortunate part of the battle is the lamentable fact that our air force was insufficient, despite high valor, to meet the

thrust of the numerous Japanese. Many of our planes were destroyed on the ground, and the airfields in some cases were bombed and rendered almost useless. Some fliers kept to the air, however, and shot down numbers of the opponents. An increase of our air strength in the Philippines was indicated Tuesday, and it is at least possible to hope that the tide of battle may be turning.

The few ships of our Asiatic Fleet performed yoeman service, through attacks upon the large Japanese convoys. Destroyers were mentioned on several occasions as battling the invader forces, and some damage was suffered by our ships. The Japanese lost one or two ships every day, usually through attacks by Netherlands airmen from nearby East Indian islands. But casualties seemingly were disregarded by the frantic invading troops, most of whom were reported as raw and inexperienced, although some veteran troops also were noted.

An effort was made by the United States and Philippine Commands to spare the City of Manila from aerial bombardment. Formal declarations were issued last Friday that Manila was to be regarded as an open city, and thus spared bombardment from the air. All our forces were withdrawn and military stores either were removed or destroyed. Disregarding this declaration and their own international pledges, the Japanese fliers continued to pound at the very heart of the city and vast fires added to the destruction wrought by the bombs. Religious edifices, libraries and homes in the poorer section were destroyed indiscriminately.

The American High Commissioner, Francis B. Sayre, issued a number of encouraging statements to the residents of the Philippines. He assured them that retribution would follow swiftly upon the heels of the Japanese attacks. The enemy continued to press the attacks, however, and yesterday were reported aiming their bombs at Corregidor Island and other fortresses around Manila. In one aerial assault upon Corregidor, more than a score of American soldiers were killed and almost 100 were wounded. The Japanese Fleet was rumored to be active in some areas.

President Roosevelt last Sunday dispatched to the Philippine people a message of encouragement and an assurance that the freedom of the Philippines will be redeemed and their independence established and protected. The entire resources of the United States stand behind that pledge, said the President, who indicated also that the resources of the British Empire, of the Netherlands East Indies and of the Chinese Republic are dedicated to the defeat of the Japanese war lords. The Navy Department at the same time struck at rumor-mongering from Japan which, it was said, was for the purpose of learning the location and intentions of our Pacific Fleet. An intensive and well-planned campaign is being followed which, the Navy Department said, will result in positive assistance to the defense of the Philippine Islands.

The Japanese, however, forged ahead rapidly on several fronts in Luzon, and presumably added to their forces on Mindanao, from which reports have ceased. Tokio spokesmen were quoted, Tuesday, as saying that their forces would be in Manila by Jan. 10. Japanese fliers were reported as dropping leaflets asserting that they have no quarrel with the Filipinos, but only with Americans. These tactics were said to be entirely unavailing, but the heavy Japanese population in the Philippines probably aided the invaders.

In the nearer reaches of the Pacific a fresh series of attacks developed against Midway Island, but our forces on that tiny dot west of Hawaii held out bravely. Intimations were given by the Navy, Tuesday, that Japanese naval forces may be operating close to Kodiak Island, in the Aleutian chain stretching from Alaska toward Asia. Japanese submarines operated close to the California coast and sank one or two American merchant ships, but at least two or three of the submarines were said to have been sunk.

Malaya-China-East Indies

Japanese forces continue to make extensive gains — which doubtless will prove temporary — in their drive against China, Malaya and the Netherlands East Indies. This move southward by the invaders parallels the drive against the Philippines. The two-pronged advance clearly is intended to terminate all Occidental rule in the Orient, but the Japanese have undertaken a large order and one that cannot readily be fulfilled, even if some outposts fall before their arms for the time being.

Hong Kong ended a valiant defense last Friday, when surrender to the invaders was arranged by the modest British Empire garrison there. Short of water and possibly of other essentials, the troops under Sir Mark Young had no alternative, especially since reinforcement of the Crown Colony was impossible. On the mainland the Japanese began new offensives against the Chungking forces of Generalissimo Chiang Kai-shek.

The drive down the Malayan peninsula was pushed frantically by the invaders, who obviously are counting heavily upon gains before British reinforcements can reach the hard-pressed Empire units already battling there. Control of the air is under contest in Malaya, and a good deal of bombing and counter-bombing is reported. Singapore is the object of this Japanese push, and it must be conceded that remarkable progress has been made by the little yellow men. British defenders are aided mightily by the terrain and the jungle, but the Japanese managed to push southward in sizeable strides.

As in the Philippines, the Malayan front is occasioning immense losses to the invaders. Slow withdrawals by British Empire units have enabled the Japanese, however, to move into relatively easy territory, and it may be that Singapore will face a real threat in coming weeks, unless extensive assistance reaches the defenders. Ipoh, important tin and rubber center 200 miles from Singapore, fell into Japanese hands, Monday. From Ipoh a good highway runs down to Singapore, but the British defenses are ever more formidable nearer to the giant base.

In Northern Borneo and in the Sarawak area of that vast island the Japanese appear now to be well established, and in some ways this represents a noteworthy advance for the invaders. Important oil producing regions thus have fallen to the Japanese, and it is this commodity, above all else, which is vital in the Far Eastern conflict. British managers of the oil wells destroyed them before leaving, but with modern machinery the fields probably can be made productive again in a month or two.

Only in the long-range action between the Netherlands in the East Indies and the aggressor Japanese were the results favorable, this week, for the Allied side. Steadily and persistently the Netherlands airmen bombed the Japanese landing forces and especially their troop transports and supply ships. Both at Philippine points and in Malaya the invaders were hammered by the intrepid Dutch, who sank at least one and often several Japanese ships daily. The Japanese attempted to retaliate by bombing Medan, in Sumatra, last Sunday. Initial reports were that Japanese parachute troops floated to earth at Medan, but this was denied by the Netherlands authorities.

In all of the fighting areas the Americans, British and the Netherlanders looked longingly toward the seas and the skies, watching and waiting for the reinforcements that will change the tide of battle, eventually. The air was electric, yesterday, with rumors of early arrivals and extended battle lines. It will, however, be no easy task to reinforce the attacked regions and keep necessary supplies flowing to the men at the front in the far Pacific.

Russo-German Front

Weather conditions became continually more adverse this week on the vast front in Eastern Europe, where Russian Communists and German Nazis are fighting a bitter battle. The Russians kept the Germans on the run and recaptured scores and hundreds of villages, and also a few more important towns. The initiative now has passed so definitely to the Russians, that attacks on entrenched Nazi lines are reported everywhere.

No longer led by their old commanders, who were sent back home by Hitler, the German forces showed signs of demoralization, according to Moscow spokesmen. They were everywhere in retreat and suffered heavy losses in personnel, while leaving behind vast amounts of equipment and munitions. In some regions German rearguards staged stout defenses, however, and the Russian drive tended to slow.

The worst aspects of the dire Russian winter began to make their appearance, this week, and even the Communists found conditions adverse. Heavy snowfalls impeded the movements of Russians and Germans, alike, and only small changes of the front lines were reported in the last few days. The Nazi High Command merely reported heavy battles, day after day, and insisted that front lines merely were being straightened.

Russia's drive against the invaders gained renewed emphasis on Tuesday, however, when Red Army troops managed to cross the Kerchinski Straits in numbers, for an attack against German positions in the Crimea. The Nazi garrisons were overwhelmed at several points, and Moscow spokesmen hopefully predicted that the siege of Sevastopol soon will be lifted. In the far North, Leningrad remained partly encircled by the Nazis and the terrible struggle for that city continued.

Libyan Campaign

Swift and fluid battles in the extensive Libyan desert showed signs, this week, of bringing to an early and victorious close the great British effort that began in November. German and Italian troops, faced by at least equal numbers of British Empire forces, rapidly retreated and left behind vast stores of equipment. The able German tank commander, General Erwin Rommel, obviously has met more than his match. It is the apparent hope of the British that this will open the way for an eventual invasion of Italy and, through that route, of other Axis-held regions of Continental Europe.

Heavy rains fell in portions of the desert, as they usually do at this season, and the British advance was retarded to a degree. But the range of the British movement already exceeds that of last Winter, which proved abortive. The fleeing Axis forces were chased out of Bengazi on Christmas day, and endeavored to make good their escape southward toward Tripolitania. British forces headed them off, however, and the struggle continues around Agedabia.

Although the issue in Libya no longer is in doubt, some concern is expressed by military observers regarding further plans that Hitler may be formulating. Since he announced on Dec. 8 an intention of stabilizing the Russian front, German aerial forces have been diverted elsewhere, and possibly toward bases in Southern Europe which might serve as a springboard for attacks against the Near East. Heavy troop movements through Italy may be indicated by curtailed train service in that country. The heavy concentrations of British troops in the Near East, however, leave little doubt of the outcome of any such struggle.

Western Europe

In the aerial and sea battle being waged in Western Europe by British and German forces the initiative this week plainly rested with London, and this circumstance may well turn out to be highly significant. The Battle of the Atlantic may not be entirely over, but certainly is all in England's favor for the time being. Hardly any sinkings of merchant ships are reported from day to day.

Aerial bombings depend in good part on the weather, which obviously favored operations of this sort, during recent days. Sizeable British squadrons soared over German ports and industrial cities, night after night, occasioning great destruction. The Germans bombed the industrial Midlands and some British ports, but British authorities said damage was modest. There is some reason to believe the Germans have improved their anti-aircraft defenses, for London admitted numbers of bombers downed over Germany. But the Reich losses also were sizeable.

The most significant action, however, was a raid by specially trained British troops on a German-held island off the Norwegian coast, over the last weekend. This maneuver was highly successful, and resulted in the sinking of a number of German ships and the destruction of Nazi military and other installations. British losses were "slight."

Now that the conflict has been widened through the inclusion of America and Japan, all of Europe appears to have settled down to a long and increasingly bitter war. The German people are being exhorted almost frantically, by their Nazi leaders, to sacrifice for the armed forces and to hold out against Britain and America, as well as Russia. There are no clear signs, however, of an early collapse of the German morale.

St. Pierre and Miquelon

Something resembling an international incident developed this week with respect to the French islands of St. Pierre and Miquelon, situated in the Gulf of St. Lawrence and of no strategic importance. Four small vessels, under the command of the de Gaullist Admiral Emile Muselier, approached the tiny fishing islands on Christmas eve, and gained possession through a bloodless coup. The Free French flag of General Charles de Gaulle was raised and the populace was asked to vote last Sunday on a carefully prepared ballot which offered the choice of siding with the democracies or of collaboration with the Axis. Naturally, the vote was almost unanimous in favor of the democracies.

The State Department in Washington found the incident perplexing in the extreme, since changes in the sovereignty of American territories have been expressly discountenanced by Secretary of State Cordell Hull. The disapproval of the State Department was manifested in comments about "arbitrary action," and in efforts to restore the status quo. Long conversations followed with British, Canadian, Free French and Vichy spokesmen, in the attempt to find a solution that would satisfy everyone concerned.

While the State Department held its conversations, the Free French calmly maintained their hold on St. Pierre and Miquelon. That the British authorities knew beforehand of the intentions of Admiral Muselier is evident, since the ships would not otherwise have been made available. Washington claimed to have had no advance knowledge, but London was equally insistent that Washington had been informed. The Free French leaders said nothing, and Vichy expressed gratification over the American reaction. The outcome of the incident remains to be determined.

RFC Sets Up War Insurance Corporation

Creation of the War Insurance Corporation by the Reconstruction Finance Corporation to provide "reasonable protection against losses resulting from enemy attacks" on private property in the continental United States was announced on Dec. 13 by Federal Loan Administrator Jesse Jones, Mr. Jones said that the insurance corporation, capitalized at $100,000,000, was created with the approval of President Roosevelt. The insurance would be against losses sustained by property owners through "damage to, or destruction of buildings, structures and personal property including goods, growing crops and orchards."

The Administrator's statement also said:

> Pending completion of details, any such losses will be protected from Dec. 13, 1941, up to a total of $100,000,000.
>
> Accounts, bills, currency, debts, evidences of debts, money, notes, securities, paintings and other objects of art will not be covered.
>
> For the time being, no premium will be charged for this protection and no declaration or reports required, unless there is a loss.
>
> Other terms and conditions for such protection will be announced as established.
>
> No protection will be available to owners of property who, in the opinion of the President, are unfriendly to the United States.

P. C. Magnus To Head N. Y. Board Of Trade

The Board of Directors of the New York Board of Trade at a meeting on Dec. 19 elected to the Presidency of the Board Percy C. Magnus, President of Magnus, Mabee & Reynard, Inc. Designated as its "war President" for 1942. Mr. Magnus, who served six years as President from 1933 to 1938, was drafted for this important post, representing New York's business interests.

Arthur Snyder, Treasurer of Alfred M. Best Co., was elected Chairman of the Board, and Floyd N. Dull, Vice-President of the Continental Casualty Co., James C. Chilcott, President of The Maltine Co., and J. J. Toohy, of E. R. Squibb & Sons, were made Vice-Presidents. Oliver J. Troster, of the firm of Hoit, Rose & Troster, was elected Treasurer, with George J. Lyons, of the New York Telephone Co., as Assistant Treasurer. Richard Kulze, attorney, associated with Frank, Weil & Strouse, was made the Board's Secretary. Edwin M. Otterbourg, of Otterbourg, Steindler and Houston, was elected General Counsel. J. Frederick Talcott, President of James Talcott, Inc., and Charles L. Bernheimer, were elected Honorary Vice-Presidents of the Board. M. D. Griffith was named Executive Vice-President.

United States Outproduced Axis Powers During 1941, Reports NAM President Witherow

(Continued from First Page)

billion 500 million dollars. This does not include loans and grants made through the RFC, Maritime Commission and other government agencies. Neither does it include foreign government disbursements, in the United States, with American dollars to their credit in this country.

The complete program of expenditures by the United States and foreign governments from July 1, 1940, through September 30, 1941 are given in the following table:

UNITED STATES AND FOREIGN GOVERNMENT DEFENSE DISBURSEMENTS IN THE UNITED STATES ON THE BASIS OF CHECKS ISSUED*
(In Millions of Dollars)

Year and Month—		U. S. Contract	U. S. Military Pay Subsistence, Travel and Miscellaneous	Foreign Govt. Disbursements in the U. S.	Total U. S. & Foreign
1940	July	103	74	207	384
	August	154	82	199	435
	September	191	78	199	468
	October	238	94	179	511
	November	304	101	176	581
	December	382	108	187	677
1941	January	613	124	179	916
	February	574	148	130	852
	March	697	157	157	1,011
	April	738	180	104	1,022
	May	713	198	66	977
	June	805	201	80	1,036
	July	†795	†217	88	†1,100
	August	†983	†261	92	†1,336
	September	†1,090	†247	†127	†1,464
	Total	8,380	2,270	2,170	12,820

*Includes RFC and other agencies. †Preliminary.
Source—OPM, Bureau of Research and Statistics.

In the period from July 1, 1940 through Sept. 30, 1941, a total of nearly 13 billion dollars ($12 billion 820 million) was spent for armaments and for the maintenance of our Army and Navy forces. For example, in July, 1940, the total of all such expenditures was only 384 million dollars, but by September, 1941, the total was nearly 1½ billion dollars ($1 billion 464 million). According to Mr. Knudsen, we are now spending at the rate of 1¾ billion dollars each month for defense. Outlays will soon reach 2 billion dollars a month which, at an annual rate, means an expenditure of 24 billion dollars a year.

As the victory program gets into full operation, the rate of spending will far exceed even this high figure. Some of our government officials maintain that to be effective in this kind of war, our total outlays for armaments and for the maintenance of our armed forces must reach the rate of 40 billion dollars a year. This would mean that from one-half to two-thirds of all productive facilities of this country would be devoted to our war effort. A defense and war effort of this magnitude will, obviously, call for serious readjustments and hardships on the part of our whole economy and all of our citizens.

The break-down of the 71 billion dollars of appropriations, contracts and authorizations already made is shown in the following table. This total includes 7 billion 065 million dollars requested by the President in November for the use of the Army and Navy and 15 million dollars for defense housing:

UNITED STATES DEFENSE FINANCIAL PROGRAM
(By Objects, June, 1940, to Date (Subject to Revision))

Merchant ships and parts 3,524 5

Object—	Program (In Millions of Dollars)	Percent of Total Program
Airplanes, engines, parts, etc.	$12,279	17
Naval ships and parts	8,921	13
Ordnance (includ. naval ordnance)	16,467	23
Other munitions	3,484	5
Merchant ships and parts	3,624	5
Industrial facilities	7,699	11
Posts, depots and fortifications	4,764	7
Housing	617	1
Stockpiles, other equipment and supplies	6,605	9
Pay, subsistence, travel and miscellaneous of the armed forces	4,525	6
Pay, subsistence, travel and miscellaneous of all other defense agencies	2,157	3
Total	*$71,042	100

*Includes $7,065,000,000 requested by the President for the Army and Navy and $15,000,000 for defense housing.

Source—OPM Bureau of Research and Statistics.

Program—Cash appropriations, contract and tonnage authorizations and RFC defense commitments.

The above table shows the allocation of the funds already made available. Funds for defense will greatly increase and may not necessarily follow the same type of allocation which has been made by the end of November. It is obvious, however, that a considerable portion of the entire program will still be devoted to such major items as airplanes, naval ships and parts and ordnance.

The total funds available for contract and disbursement, as of Nov. 1 (excluding the 7 billion dollars requested by the President for the Army and Navy and the 15 million dollars for defense housing) reached a total of about 64 billion dollars ($63 billion 962 million). Of this total sum, 39 billion 263 million dollars had been awarded in contracts as of Nov. 1, 1941. In an address made before the NAM on Dec. 3, Mr. Knudsen said that contracts awarded had reached the total of 43 billion dollars. The table below shows authorizations and the contracts awarded as of Nov. 1, 1941:

	Authorized Program Nov. 1, 1941	Contracts Awarded to Nov. 1, 1941
Total	$63,962,000,000	$39,263,000,000
Army	24,606,000,000	15,636,000,000
Navy	17,668,000,000	13,714,000,000
Other defense—Agencies	*21,688,000,000	9,913,000,000

*Includes RFC commitments to Sept. 1, 1941.

Lend-Lease

Under the Lend-Lease Act of Mar. 11, 1941, two appropriations have been made thus far. The total amount authorized is $12,985,000,000. Of this $9,186,000,000 has been allocated and contracts have been let for $5,243,000,000. Total expenditures have been $1,202,000,000. The total amount of materials and services transferred to our allies came to $723,000,000. Of this amount, $138,000,000 was provided outside the Lend-Lease appropriations from military supplies already on hand. This means that $585,000,000 has been transferred from the Lend-Lease funds themselves.

LEND-LEASE AID EACH MONTH

March	$18,000,000
April	40,000,000
May	60,000,000
June	85,000,000
July	134,000,000
August	150,000,000
September	207,000,000
October	225,000,000
November	283,000,000

TOTAL LEND-LEASE AID
(Millions of Dollars)

Type of Aid—	Cumulative to Nov. 30, 1941	Mo. of Nov., 1941
Defense articles transferred	723	168
Articles awaiting transfer or use	140	40
Articles in process of manufacture	92	9
Servicing and repair of ships	79	23
Rental and charter of ships, etc.	92	32
Production facilities in U. S.	75	11
Miscellaneous expenses	1	--
Total	1,202	283

QUANTITIES OF NON-MILITARY GOODS TRANSFERRED
(To Nov. 30, 1941)

Commodity—	Quantity
Meat and fish products (lbs.)	535,742,451
Milk products (lbs.)	323,301,116
Egg products (lbs.)	87,438,813
Fruits and vegetables (lbs.)	548,091,424
Grain and cereal products (lbs.)	719,834,984
Sugar & related products (lbs.)	6,058,740
Cotton linters (lbs.)	13,094,955
Raw cotton (bales)	439,619
Leaf tobacco (hogsheads)	120,822
Petroleum products (bbls.)	30,546,999
Fertilizer (tons)	447,162
Iron and steel (tons)	1,361,492
Non-ferrous metals (tons)	63,012

Labor and the War Program

Immediately after our declaration of war, the President called for the operation of plants engaged in defense work on a full schedule of 24 hours a day and 7 days a week. This would mean operating such plants on a three-shift basis. Now that we are at war, the country must tax all of its resources to the limit in order to attain the maximum output of ships, guns, tanks and planes.

There are, however, a number of obstacles which will prevent defense production operating on the heavy schedule called for by the President. Before the defense program began, there were between 5 and 6 million workers unemployed. It seemed easy, therefore, to draw upon the vast supply of workers for the needs of defense production. We had not gone far in the defense program, however, before we found that there was an actual shortage of the skilled workers needed in defense production and that the workers were not always available in the places where the jobs were. It is not easy for an unemployed worker in Maine to accept a defense job in California.

The operation of defense plants on a three-shift basis would accomplish two results—it would greatly speed up defense production and it would tend to considerably reduce over-time work. While there are no complete figures available of the extent of over-time work and the use of multiple shifts, a recent survey by the United States Bureau of Labor Statistics throws considerable light on the situation. The Bureau found, in examining 587 defense plants which were employing 618,232 men in March 1941, that the bulk of the operations involving nearly three-quarters of the wage earners were carried out on a one-shift basis. The restriction to the single shift basis necessitated considerable over-time work, for nearly two-thirds of the wage earners were working an average of 10 hours a week over-time. This is equivalent to 91,000 workers on a normal 40 hour week. It is estimated that the addition-labor cost, because of over-times rates at time-and-a-half, amounted to an increase of 37.5% above the normal wage rates.

According to the U. S. Bureau of Labor Statistics:

"Comparatively few of the multishift plants have built up their second or third shifts to the point where maximum utilization of their facilities is being achieved. In many plants the added shifts were being used to balance production and to make necessary repairs to equipment."

This statement did not apply to industries where continuous processes, such as certain processes in the iron and steel industry, are employed, since most of these plants were operating on a three-shift basis.

The Defense Program and the Labor Force

We do not know, actually, how many workers are engaged in defense work. It is probable that in 1942 between 6 and 7 million workers will be engaged in defense work. According to the U. S. Bureau of Labor Statistics, over 3 million workers are now employed in major defense-producing industries. This is in contrast to 400,000 persons employed on such work in the second quarter of 1940. Those engaged in direct defense work now represent about 7% of the 41 million workers in all non-agricultural employment.

The U. S. Bureau of Labor Statistics report of defense employment, as of July 1941, is given in the attached table. At that time, 2,712,700 workers were engaged directly in defense work. This does not include workers engaged in indirect defense output, such as the production of materials, machinery, equipment, repairs, etc.

The table shows that from June 1940 to July 1941, the direct defense workers increased by a little over 1 million or 59%. The increase was greatest in the aircraft industry where the number of workers increased from 115,300 in June 1940 to 290,700 in July 1941—an increase of 152%. Notable increases were also made in the employment in the shipping industry.

EMPLOYMENT IN SELECTED DEFENSE INDUSTRIES AND AGENCIES—JULY, 1940-JULY, 1941

	June, 1940	July, 1941	Increase June, 1940 to July, 1941 Number	%
Defense manufacturing, selected industries and agencies, total	1,702,100	2,712,700	1,010,600	59.4
*Aircraft, airframes, engines and propellers)	115,300	290,700	175,400	152.1
Shipyards, Navy and private	159,400	348,400	189,000	118.6
Federal shipbuliding program	93,700	180,300	86,600	92.4
War and Navy Dept., manufacturing, exclusive of Navy shipyards	25,900	55 600	29,700	114.7
Firearms, ammunition and explosives	20,800	†35,600	†14,800	†71.2
Machine tools and machine-tool accessories	98,700	155,600	56,900	57.6
Foundry and machine-shop products	385,200	569,600	184,400	47.9
Electrical machinery, apparatus and supplies	229,700	363,800	134,100	58.4
Blast furnaces, steel works and rolling mills	464,500	598,200	133,700	28.8
‡Seven other defense industries	202,600	295,200	92,600	45.7

*Total employment in final assembly plants only; compiled by Defense Labor Requirements Division, U. S Bureau of Labor Statistics.

†March, 1941, data, the latest available.

‡Screw-machine products: abrasive wheels; instruments—professional, scientific and commercial; optical goods; aluminum manufactures; brass, bronze and copper products; and smelting and refining—copper, lead and zinc.

Source: Bureau of Labor Statistics, U. S. Department of Labor, except as otherwise noted.

In addition to the 2,712,700 workers engaged "in selected defense industries and agencies" in July 1941, over 425,000 workers were engaged in defense construction, including the building of barracks, cantonments, factories, shipyards, housing projects, aviation facilities and public utilities. There were also 351,000 WPA employees working on WPA defense contracts, including construction, vocational training and other programs. The civilian personnel in defense agencies of the War and Navy Departments and the Office of Emergency Management accounted for over 304,000.

Although it has not yet been possible to estimate defense employment requirements on an industry-by-industry basis, the United States Bureau of Labor Statistics estimates that by the middle of 1942, when defense expenditures will exceed two billion dollars monthly, about 3,000,000 additional workers may be needed, not counting indirect requirements. Thus, within less than one year, between 6 and 7 million workers may be engaged in direct defense, and, if a 168-hour week is attained, another million may easily be added to this total.

Preliminary estimates of labor requirements since July, 1941, for the attainment of peak schedules indicate that the aircraft industry will probably need 122,000 additional workers in final assembly plants, and from 100,000 to 150,000 in sub-contracting and accessory plants; additional orders under Lend-Lease, the greatly enlarged bomber programs and new engine plants may raise the total employment in aircraft and related industries to well over 1 million by the end of 1942.

Navy and private shipyards may require an additional 278,000 within the next year; machine tools and ordnance production may require 300,000 new workers by next May; and an additional 400,000 may be needed for other defense manufacturing.

Defense construction, which reached a peak of 584,000 workers in February 1941 and has been declining for some months, will no doubt start to expand again as the construction of cantonments, factories, shipbuilding facilities, and defense housing falls in line with increased demands for an all-out war effort.

Iron and Steel Industry

Steel is a vital necessity for the production of all of the implements of war. It is fortunate for our war effort that we have the largest and most efficient steel industry of any country in the world. The steel industry has been steadily improving its equipment and its processes long before the emergency defense program began. For example, in the 38 years from 1900 to 1937, while the population of the country increased 69%, the total ingot output of steel increased 403%. Even during the depressed 1930's, there was a marked expansion of steel facilities. From 1930 to 1939, inclusive, about 1½ billion dollars were spent on new factories and modernization. During that period, the industry earned an average of less than 2% on its investment and its total net profits throughout the entire period amounted to only one-half billion dollars, or one-third of its capital expenditures. During 1940 and 1941, the steel industry invested nearly 500 million dollars ($471 million) for additions of new facilities.

At the close of 1940, the Nation's annual steel capacity, in terms of ingots and castings, was rated at 84,152,000 tons—an increase of 3.1%, compared with the 81,619,000 tons of capacity available at the end of 1939. Present steel-making capacity in the United States is 18% greater than the rated capacity available in 1929. Still further additions of equipment were made in the first half of 1941 which raised capacity, as of June 30, 1941, to 86,147,700 tons and it is *expected* to reach 88 million tons by the end of 1941 and 89 million tons early in 1942.

The size of the American iron and steel industry becomes doubly impressive when compared with that of the rest of the world. All American companies together can produce *three* tons of steel for every *two* tons that can be made by Germany, Italy, Japan and all the Axis-dominated countries of the world put together. If to the American steel-making capacity is added the steel capacity of the British Empire and the U. S. S. R., the superiority of the Allies becomes overwhelming.

According to the most accurate information available, about 60,600,000 tons annually can be produced by Germany, Japan and the whole of Continental Europe, exclusive of U. S. S. R. American steel-making capacity — which will attain 89,000,000 net tons per year early in 1942—surpasses that total by nearly 50%.

Steel capacity of the United Kingdom is about 20,600,000 tons per year, while that of U. S. S. R. is about 21,800,000 tons. Together the steel-making capacity of the United States, the British Empire and U. S. S. R. is about 131,400,000 tons annually, or nearly 117% more than that of the Axis and Axis-dominated countries.

If Russia should not be able to operate 60% of its steel capacity which is located in the central and southern areas of that country, the Allied countries could still produce 118,300,000 tons of steel per year. That compares with a potential output available to the Axis of 60,600,000 net tons.

The most serious problem confronting the American steel industry is how to obtain full utilization of capacity. Although the industry attained in 1941 a practical steel capacity of 86,000,000 net tons, output during *the current year* is expected to reach reach only 82.5 million tons, thus indicating an unutilized capacity of about 3,500,000 net tons. It is estimated that in 1942 the output will be between 82 and 84 million net tons, despite a capacity of 89 million net tons, which the industry will attain early in 1942.

The critical factor which prevents the steel industry from achieving capacity levels is the shortage of scrap iron and steel. Since the shortage of scrap is going to grow worse in 1942, all reasonable steps should be taken to stimulate the flow of scrap to the consuming centers.

Electric Power

America leads the world in power production. The industry has risen to meet the defense emergency by greatly increasing its already huge facilities. For the country, as a whole, the power supply, as increased by the power construction program scheduled for 1941 through 1944, will prove sufficient to meet the heavy demands for defense production.

In 1941, in spite of delays due to shortages of materials, 2,712,000 kilowatts of new generating capacity were installed. The construction program for the years 1942 to 1944 is as follows:

TABLE VI

Thousands of Kilowatts Scheduled for Completion In—

	1942	1943	1944
Private Utilities	2,385	1,960	965
Municipal Plants	123	120	90
Government	1,157	670	345
Total	3,665	2,750	1,400

Completion of this schedule, of course, must depend to some extent upon the availability of materials.

Railroad Transportation

Railroads play an important part in our defense. Our railroads are meeting the heavy load of defense transportation and are greatly increasing their facilities. The peak of 1941 freight traffic, which comes in the autumn, was handled by the railroads without a shortage in freight cars—an excellent example of efficient management. Freight car loadings, through Dec. 13, totaled 40,879,704 and for the full year should reach near-record levels of 42,345,000. The railroads reached a remarkable level of efficiency in the use of equipment in providing for the traffic of a weekly peak of 922,884 car-loadings without difficulty.

The railroads passed the period of peak freight movement without shortages in freight cars. Now the railroads are faced with the problem of preparing themselves for next year's peak traffic. To do this, the Class I railroads have, as a goal, an increase in freight cars owned to 1,800,000 by next October. This involves delivery of at least 160,000 new freight cars between October, 1941, and October, 1942. Because of difficulties in securing materials, the construction program is lagging behind schedule, although there has recently been some improvement in output. Because there is no lack of capacity in the car-building shops, it is possible that direct allocation of materials may improve the situation.

Construction and Defense

The sharp rise in construction in 1940 and 1941 rivals the construction boom of the middle 1920's. The value of all construction in 1941 was greater than the peak of 1929 when 10½ billion dollars was spent on new construction. The gain was mostly in residential buildings and in new plants. (See Table VII.) Plant construction was confined almost entirely to facilities needed for defense production. The OPM has recently pointed out:

"In the period of two or three years, there must be crowded a defense effort equivalent to that we expended over the last 20 years to overcome 10 years of preparation by the Axis nations."*

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*OPM release Dec. 12, 1941.

ESTIMATED VALUE OF CONSTRUCTION ACTIVITY BY TYPES IN CONTINENTAL UNITED STATES

(In Millions of Dollars)

	Military and Naval	Industrial	All Other non-residential	Public Utility	Highways and Other Public Work	Farm (all types)	Residential Building (non-farm)	Total
1929	19	830	2,313	1,713	1,600	631	3,424	10,530
1932	34	83	869	597	1,217	140	641	3,581
1935	37	164	553	397	1,084	340	542	3,117
1938	62	205	1,049	586	1,324	364	1,550	5,140
1939	119	246	1,283	618	1,574	425	1,941	6,206
1940	450	557	912	746	1,411	468	2,290	6,834
1941	1,700	1,900	1,000	1,000	1,600	500	3,000	10,700

Source—U. S. Department of Commerce.

From the beginning of the defense program through Sept. 30, 1941, industrial facilities for defense, financed by the Government and privately, amounted to $5,260,463,000 and were distributed among various industries in the following amounts, expressed in thousands of dollars:

VALUE OF INDUSTRIAL FACILITIES, FINANCED WITH PUBLIC AND PRIVATE FUNDS BY TYPE OF PRODUCT AND SOURCE OF FUNDS

Industry—	Grand Total Amount	Grand Total Percentage Distribution	Government Financed	Privately Financed
Total	$5,260,463	100.0	$4,266,077	$993,756
Chemicals (including explosives)	727,568	13.8	658,448	69,120
Petroleum, coal and natural gas	36,716	.7	14,334	22,382
Iron and steel products	550,448	10.5	371,637	148,811
Ammunition, shells, bombs, &c.	851,708	16.2	810,297	41,411
Guns	314,186	6.0	288,131	26,055
Aircraft, engines, parts and accessories	978,761	18.6	879,515	99,246
Ship construction & repairing	715,699	13.6	691,652	24,047
Combat transportation and other motorized vehicles	52,536	1.0	30,671	21,865
Non-ferrous metals	461,490	8.8	302,672	158,818
Machinery (except electrical)	251,440	4.8	126,582	124,858
Electrical equipment	49,324	.9	29,731	19,593
Miscellaneous manufacturing	107,798	2.0	62,637	45,161
Non-manufacturing	162,789	3.1	400	162,389

Thus, out of total appropriations for new plant and equipment of 6.2 billion dollars, over 4 billion dollars had already been awarded in the form of contracts by the end of September, 1941. This represented over 80% of the total expenditures on new facilities in defense industries. Compared with 20 billion dollars spent on all manufacturing facilities in the decade of the twenties, this is an imposing total for so short a period.

The above table understates private investment for new plant facilities for defense. It appears from the table that private industry spent only about a billion dollars for new defense facilities, compared with over four billion by the government. Actually, private investors spent far more than these figures indicate. As already pointed out, the steel industry spent 470 million dollars for new facilities in 1940 and 1941, as compared with $148,811,000 as shown in the table. It must be noted that the above figures include only the private plant facilities financed under "certificates of necessity" which permit a 20% amortization of such investment annually. Private industry is spending large sums of their own funds, the exact amount of which is not available, for new plants and extensions and running the risk of their being practically valueless after the war, without the right to amortize the cost for tax purposes within five years.

Housing

Defense housing to accommodate the influx of workers into new industrial areas accounted for almost 270 million dollars by October 1941 with 63.7% of the total amount scheduled for this purpose still to be spent. According to Charles F. Palmer, Coordinator of Defense Housing, Federal funds have been allotted to date for 123,379 defense homes of which 103,792 are either completed or in the process of being built. In addition to this publicly-financed housing scheme, FHA-inspected privately financed homes, since January 1941, reached the total of 189,804 by November.

On Oct. 9th, SPAB announced that non-defense construction must be restricted because of shortages of critical materials. According to "Architectural Forum" of November 1941 "Since private non-defense non-residential construction has tapered off during recent months in line with increasing uncertainties as to the future, the SPAB order hits public non-residential building hardest. Henceforth, to receive a priority rating, any proposed project (even those financed by Federal, State or local governments) must be submitted to Washington and approved as either a direct defense project or as an essential non-defense project."

Under the classification of those projects which will be certified are mainly public works, while the non-essential projects will generally include courthouses, office buildings, hotels and other non-residential buildings, particularly outside defense areas. The order does not affect residential building in defense areas, or non-defense houses in the process of construction on Sept. 1. It does affect all new housing outside of the 275 officially designated defense areas and all public or private housing in defense areas which will sell for more than $6,000 or rent for more than $50 a month.

The effect of the SPAB order is expected to cause a decline of about 65% in non-defense construction in 1942 according to OPM. It has been met with considerable opposition by the Association of Real Estate Boards and the New York Building Congress who are planning to appeal to the Government for relaxation of restrictions on small-home building. The original estimate of 525,000 new single family units to be constructed by July 1942 has been reduced to 300,000, of which 100,000 are to be publicly-financed and 200,000 built by private enterprise.

Employment on new construction, which averaged a little over 2 million in 1941 is expected to decline in line with reduction of expenditures.

Aircraft

The goal set for aircraft production has been well set forth in the following statement by OPM:

"At the beginning of the last war, for instance, we had 55 airplanes. From a military point of view 51 were classified as obsolete and four as obsolescent, leaving our air force fleet at zero. Up to the end of November, 1918, we produced a single type of bomber, shipping abroad slightly more than half of the total of 3,227. We produced 13,574 Liberty engines and shipped more than a third of them abroad, and produced for use here 8,000 training planes and 16,000 training engines.

"In setting a quota of 50,000 planes a year, the President in effect asked the aircraft industry to make in one year two-thirds of the number of planes of all kinds it had produced since 1904. Never before had a major industry been assigned such an expansion job. It would be comparable to asking the automobile industry to turn out 53,000,000 completely modern cars a year—twelve times as many as were made in the last model year."

The aircraft industry is rapidly approaching this goal. Even before the attack on Pearl Harbor, there was every reason to believe that an annual production rate of 50,000 planes will be reached sometime in 1942. With the outbreak of hostilities, there may be superimposed on the 50,000 program of planes a year still further demands which may necessitate an even greater annual output.

Here is the record of performance of the aircraft industry in building up this important arm of defense. In 1941, the industry produced nearly 20,000 military planes. The monthly output of war-planes in the United States has passed the 2,500 mark. It is generally believed that Germany is at present producing from 2,000 to 2,500 military aircraft per month. The "make ready" period of the American aircraft industry began in September 1939, at the outbreak of the World War II. Thus, American aircraft manufacturers have accomplished in 27 months what it took Germany at least five years to accomplish, because Hitler began expanding his warplane production facilities as long ago as 1936.

The production of about 20,000 military aircraft during the current year is more than eight times the output in 1939. The total value of plane, engine and propeller production in 1941, amounting to more than $1,500,000,000, is three times that of 1940. The industry produced about $500,000,000 worth of planes, engines and propellers during 1940, against $225,000,000 in 1939. Our engine builders (manufacturers) have now reached a rate of about six million horsepower a month or 12 times the monthly rate at the outbreak of World War II. At present, the propellers are being produced at the rate of more than 50,000 annually.

Military aircraft production has increased as follows:

1937	949
1938	1,800
1939	2,404
1940	5,800
1941	*20,000

*Estimated.

These totals do not indicate the swing-away from lighter war planes to heavier multi-motored bombers.

During 1941, productive floor space was extended from more than 25,000,000 square feet to about 46,000,000 square feet, not including plant space under construction. On Jan. 1, 1939, the productive floor space was 9,500,000 square feet and on Jan. 1, 1940 it was 13,000,000 square feet.

During the seven-year period from 1934 to 1940 inclusive, the 38 aircraft companies, the data on which are available, spent $63,250,000 on development or 79% of total profits. They also spent $76,800,000 on expansion of plant facilities during the same period, or 97% of total profits. Thus, expansion of facilities and development totaled $140,050,000 or 76% *more* than total profits.

The number of employees in the airplane, engine and propeller plants has increased from over 193,000 in December 1940, to about 390,000 in December 1941. In March, 1941, total man-hours worked were 39,327,978; in May 1941 they were 45,588,286; in July 1941 they were 52,153,243; in August 1941 they were 58,788,221 man-hours.

The weekly payrolls have risen from $1,532,723 in January 1939 to $2,821,932 on January 1, 1940, to $6,919,486 on January 1, 1941, to $9,703,587 on June 1, 1941, to $13,030,798 on September 1, 1941. The total payroll for 1941 is estimated at $920,521,420.

Aluminum

In modern warfare aluminum is a vital commodity. The outcome of this way may depend on the supply of aluminum. Of the total weight of the average military plane, aluminum comprises about 70% of the frame, 23% of the engine and 24% of the propeller. Large quantities of aluminum are needed for warships, anti-aircraft equipment, pontoon bridges, mobile field kitchens, etc. Though the aluminum industry in this country has greatly expanded its output, the total supply of this vital metal is now devoted entirely to defense needs.

Bauxite

The only commercial source of the metal aluminum is bauxite ore, which contains from 55 to 62% of alumina. Domestic deposits of high-grade bauxite are estimated to be sufficient for only a few years if imports are cut off. Rich, extensive deposits of British Guinea and Surinam are owned by American and Canadian concerns and their output is shipped almost entirely to the United States and Canada. New methods of producing alumina from abundant clay deposits have been announced and although the most recently developed process is complex and comparatively costly, it may be possibly adopted, should the war emergency be intensified and of long duration.

Supplies on Hand

Reports on the government's military stockpile have not been given since the fall of 1941. The Metals Reserve Company was attempting to build up an aluminum reserve and in October 1941 had 340,000 tons on order.

Aluminum and War Needs

In considering the adequacy of the aluminum industry for defense needs, it is important to bear in mind that in the spring and early summer of 1939, Congress had appropriated funds for only 9,000 military airplanes the delivery of which was scheduled for as late as 1944.

The Aluminum Company of America could have supplied the metal for this several times over from stock on hand. Nevertheless, the company undertook, before the outbreak of the World War II in 1939, a national defense expansion program which, with additions made to it from time to time, has meant the expenditure of some $215,000,000 of the company's own money. The major part of this program will be completed this year.

By the end of 1942, aluminum production in the United States will reach the rate of 1,120,000,000 pounds a year. If to this we add the output of Canada of over 400,000,000 pounds a year, the aluminum production in North America will be at the rate of over 1,500,000,000 pounds annually. This compares favorably with the 1,000,000,000 pounds of aluminum produced annually by Germany, Italy and all conquered countries on the European continent.

The picture becomes still more

(Continued on page 24)

U. S. Outproduced Axis Powers In 1941

(Continued from page 23)

optimistic if to the North American output is added to production of Great Britain and Russia. While accurate figures of the output of these two countries in 1941 are not available, according to the Minerals Yearbook, during 1940 the United Kingdom produced approximately 77,161,000 pounds and U. S. S. R. about 121,253,000 pounds.

Thus, the Allied countries are achieving a substantial superiority in this military essential over the Axis countries, even if the output of Japan, which is practically identical with the United Kingdom, is included—which has been estimated at about 77,161,000 pounds in 1940.

Machine Tools and Defense

Machine tools are essential for high speed, low-cost mass production. Modern power driven machines do for metal what the saw, chisel, plane, file and hammer do for wood, and in that sense are the keys to the progress of armament production.

When the defense program was first launched, the United States had the greatest capacity for machining metals that the world had ever known. There were tens of thousands of lathes, drill presses, gear cutters, and other machine tools built for and accumulated in thousands of machinery plants over many years. According to the 1939 Census of Manufacturers, there were 200 establishments producing machine tools (not counting accessories). These establishments employed about 37,000 factory workers and produced in that year products valued at over 218 billion dollars.

Most of these tools had been designed for production of civilian goods. New types of tools and in large quantities were needed for the new type of production called for by defense. The "tooling up" process took considerable time, but that step had to be taken first before defense production could hit its stride.

The record of the industry is revealed by the tremendous expansion in productive capacity which, during the two-year period of 1940 and 1941, has doubled that in existence in January, 1940. According to a survey made by the American Machinist early in 1940, there were about 930,000 machine tools in all the plants in the country. Normal production of machine tools runs at about 25,000 per year, but in 1940 production soared to over 100,000 units and for 1941 is *expected* to reach 200,000 units. Moreover, this tremendous increase in volume fails to indicate the improvements made in speed, in power, in efficiency of cutting tools, in design and in automatic precision—the average machine tool made since January, 1940, is three times as productive as the average machine tool in use at that time. For instance, a new type of hydraulic vise that can exert five tons pressure between its jaws is so versatile that, in addition to speeding up ordinary vise work, it also performs the operations of pressing, punching, bending, cutting, straightening and stamping formerly done by that many separate machines.

The statistical record of achievement in the machine tool industry shows that the value of machine tool production during 1940 and 1941, estimated at $1,200,000,000, exceeds the previous 10-year total of $1,002,000,000 and that the number of wage earners making machine tools for defense increased from 64,800 in June, 1940, to 100,900 in September, 1941, or by 56%.

At a meeting of representatives of the machine tool industry with officials of the OPM on Dec. 17, 1941, they were informed that between $1,250,000,000 and $1,750,000,000 would be spent for tools in 1942 or almost double the amount spent in 1941. In terms of the number of units this indicates a production increase 50 to 100%.

The implications of this, as every other schedule affected by the Victory Program, are manifold. A preliminary estimate of additional workers that will be required for the production of machine tools and ordnance by the spring of 1942 amounts to almost 292,000, an increase of 189% over September, 1941. Attempts to meet the shortage of skilled workers are being met by all sorts of governmental and inplant training programs. As early as October, 1940, a survey by the National Machine Tool Builders Association of about 80% of the industry showed that about one-half of the Nation's machine tool employees as of that date had been trained on the job since September, 1939. That was no mean accomplishment and can be repeated.

Machinery and Defense

Machinery production, of all kinds, including electrical machinery, as well as machine tools, is expected to reach an all-time high of 11 billion dollars in 1941. This compares with six and one-half billion dollars worth of machinery produced in 1940 and a little less than five billion in 1939.

United States Production of Machinery
(Not including transportation equipment)
Billons of Dollars

1929	$7,118,175,812
1931	3,415,078,013
1933	2,076,431,032
1935	3,816,331,680
1937	5,891,599,369
1939	4,981,563,899
1940 (estimated)	6,500,000,000
1941 (estimated)	11,000,000,000

Sources: 1929-1939, inclusive, Census of Manufactures; 1940-1941, estimated by Bureau of Foreign and Domestic Commerce.

From now on until the war is over, the demand for machinery for defense requirements will probably continue and its production will be restricted only by shortages of material or skilled labor. To meet this expansion, government and privately financed facilities for the production of machinery and electrical equipment had by the end of August 1941 amounted to almost 290 million dollars.

Farm machinery and equipment, essential to maintenance of the Nation's food supply, has experienced a rising demand in the domestic market. Of the industry's total sales of $561,700,000 in 1940, $478,600,000 represented domestic sales, while it is anticipated that total domestic sales in 1941 will exceed those of 1940 by 25%.

Although farm machinery manufacturers have been given the highest civilian priority rating for materials going into new machinery, it is probable that because of shortages of materials, there will be marked reductions in output next year. In view of the comparatively small proportion of total metals consumed by the industry (the Department of Commerce estimates that it is not more than 2%), it may be possible to carry out a proposal made by the Department of Agriculture to SPAB, that enough material be allocated to the industry to increase production in 1942 by 7% over 1940.

The Automobile Industry and Defense

The automobile industry from the beginning of the emergency has contributed vitally to defense production. Because of its splendid plant facilities and its managerial skill, this industry is of strategic importance. According to the OPM:*

"About half of the total man-hours worked in automobile assembly and parts plants are being devoted to wartime production, observers in the industry say.

"During September and October, about 25% of the man-hours of production were devoted to war production. Since our entry into the war, however, there has been a considerable expansion in the automobile industry's role in war production. Prior to the war declaration, production was largely organized on a one-shift, 40-hour a week program. This has now been expanded to two-shift production.

"Because of this rapid expansion of war production in the automobile industry, dislocations involving idleness for some employees are likely to be only temporary."

Today, the automotive industry is rapidly converting its production of passenger cars and civilian trucks to defense materials. Three of the industry's plants have been re-tooled for bomber and fighter plane engine production. Medium tanks of tremendous striking power roll down the assembly lines of the world's largest tank arsenal (Chrysler). Military trucks have been in action abroad and in maneuvers at home. Bomber sub-assembly sections have been shipped to the aircraft makers from three automobile companies. Machine guns for aircraft and ground use, aircraft cannon and anti-aircraft guns produced by the automobile industry have been used by the United States and Great Britain. Aluminum and magnesium foundries have gone into production. Shells, cartridges, bomb fuses, recoil mechanisms, percussion caps, casings and other ordnance have issued from automotive factories.

With the defense effort came the OPM curtailments of passenger car production, a program designed to limit the output of civilian vehicles and to divert automotive machines and labor to defense needs. The passenger car has become a necessary part of the defense picture in transporting workers to and from central defense production centers. Passenger car and motor truck production for the last four years show the following changes:

The original OPM curtailment of automobile production was 20% to be effective as of Aug. 1, 1941. Actually, August, September, October and November showed a 26.5% reduction over the same period last year, and December production 48.4% below that of 1940.

	—Passenger Cars—		— Motor Trucks —		Total	Total
Year	Number	Value	Number	Value	Number	Value
1938	2,000,985	$1,269,765,050	488,100	$339,226,639	2,489,085	$1,608,991,689
1939	2,866,796	1,816,434,914	710,496	502,421,776	3,577,292	2,318,856,690
1940	3.692.328	2.422,491.461	777.026	593.731,603	4,469.354	3,016.223,064
1941 est.	3,750,000	2,610,000,000	1,170,000	1,020,000,000	4,920,000	3,630,000,000

Passenger Cars Produced

	Dec. 1940 Product.	Dec. 1941 Product.	% Decr.
General Motors	184,139	90,567	50.8
Chrysler	99,148	47,271	52.3
Ford	79,309	38,009	52.1
All others	34,227	29,001	15.3
Total	396,823	204,848	48.4

To prevent possible unemployment and idle machinery which might result from such curtailments, the automotive industry has been busy building and equipping new defense plants, retooling present factories for defense work, transferring workers from the automotive industry to other defense industries, and to new defense work within the industry itself.

There has been no new capital invested in automobile production during 1941. The Government has invested about 484 million dollars in the automotive industry to build and equip defense plants. Information is not available as to the extent of private funds invested in the defense effort of the automotive industry.

Trucks

It is estimated that there are 4,500,000 trucks on the highways today, one-quarter engaged in hauling defense goods. Of these, 2,650,000 are medium or heavy trucks. The first six months of 1941 nearly 22% of all production in motor truck plants was for military purposes and 14% for civilian projects connected with defense.

Trucks have been given A-3 priority ratings for defense and to fill civilian orders during the three months, September to November 1941, at the rate of one-half the number produced during the first half of the year. Curtailments were revised for light truck and passenger carriers and were cut one-quarter for December and one-half for January. Heavy trucks are those weighing 3 tons or more; medium 1½ tons or more; and truck trailers 5 tons or more. Passenger carriers must have no less than 15 seats. These all have the highest priority rating. Light trucks may be produced as many as needed for civilian defense needs and for war use.

Machine Tools In the Automotive Industry

In adapting tools already available in the automotive industry to new defense tasks, or in part to defense tasks and then developing new tools, the automotive industry has played a big part. One tool shop that had been doing automotive body work is now turning out planers to aid the over-loaded machine tool industry. Another plant specializing formerly in automobile motors has closed down completely and is retooling to produce airplane engines. A wood-working plant has been converted into a bomber assembly plant.

Tank Production

It is estimated that 50,000 men are employed in tank production in plants of three prime contractors alone. Already 7 American plants are participating in a tank program with defense contracts well in excess of $300,000,000. By the beginning of 1942, tank production will reach a rate of 2,800 a month. Both the locomotive and automotive industries are participating in the tank program.

In eighteen months, from the spring of 1940 to the battle of Libya, American arsenals had filled preliminary requirements of the United States Army's Five Armored Divisions and shipped a number to Libya. We are making, in addition to light tanks, a new medium tank with a cast steel hull, the medium M-3s. The automotive industry has the largest light tank arsenal. In addition to Chrysler, Ford and General Motors are scheduled for tank arsenal constructions. The present tanks have airplane engines and the use of a high-powered automobile engine is being worked on. If this can be perfected, it will speed up the output of tanks enormously.

Petroleum

Oil is vital to modern warfare. In this respect, we are well prepared for the United States produces 33% of the world supply of crude oil. The petroleum industry is meeting increased demands for its products through new and better methods. Operations have been accelerated and output expanded. Crude petroleum production for the year reached approximately 1.404.583.000 barrels and is currently in the vicinity of 4,100,000 barrels a day. Crude petroleum run to stills will probably exceed 1,412,000,000 in 1941. Both records can be exceeded in 1942, particularly if refining capacity can be expanded.

The industry devoted a large part of its effort to the improvement of its transportation facilities—tank-ships, pipe lines and barges. Although the present tanker fleet totals more than 300 vessels, nearly 200 additional have been ordered. Since the average tanker has an oil-carrying capacity of about 120,000 barrels, there is a potential capacity in the new fleet, under construction, of nearly 24,000,000 barrels. This large building program is being carried out by the industry with the cooperation of the Maritime Commission. For the past year, nearly 30 tankers—a little less than 300,000 gross tons—were put into operation. Next year, and in 1943, at least one new ship should be launched every week. Greatly expanded use is being made of inland waterways through the use of oil barges which are being built in great number.

The completion of two major petroleum products pipe lines in 1941 and early 1942 makes the East Coast less dependent on water-borne transportation. These lines are the Southeastern Pipe Line from Port St. Joe on the Florida Gulf Coast to Lookout Mountain, Georgia, and the Plantation Pipe Line from Baton Rouge, Louisiana, to Greensboro, South Carolina. Completion of a crude oil pipe line from Portland, Maine to Montreal has further relieved the tanker situation.

Our war program calls for large quantities of oil for fuel and lubricants. Military planes need gasoline with 100 octane rating. The industry is now manufacturing nearly 45,000 barrels a day of this high-test gasoline and is planning to increase its output as fast as possible to 120,000 barrels a day.

Ship Construction

As part of our emergensy defense program, Congress authorized a two-ocean navy. While complete figures of the rate of progress of the naval program are not available, the following figures give some indication of the scope of the program:

Naval Construction Program as of October 1, 1941

	On Hand	*Building
Battleships	17	15
Aircraft	6	12
Cruisers	37	54
Destroyers	171	193
Submarines	113	73
Total	344	347

*See New York Herald Tribune, Dec. 21, 1941.

Merchant Ships

A vast fleet of merchant ships are needed for transportation of supplies to our allies and for supporting our own forces. Every shipyard in the country is working to capacity on naval and merchant ships. The American Bureau of Shipping has reported that 1,135 merchant vessels, aggregating 6,780,530 gross tons, were under construction or contracted for in United States shipyards on Dec. 1, 1941.* This includes 387,600 tons being constructed for Great Britain. The peak was reached in November, 1941, when 98,700 gross tons were launched.

Chemical Industry

The chemical industry is converting its production from peace-time to wartime use and is expanding rapidly to meet the new and extraordinary demands. It is estimated that about 60% of chlorine production is now going into the production of goods for military use. For example, vinylite (poly-vinyl choloride) is being used extensively for insulation of wires and cables aboard ship. Wood alcohol and industrial alcohol are going into the production of formaldehyde for the new explosive "Petn" (penta-erithritol) and for smokeless powder. Some of the coal tar acids (dibutyl phthalate for one) are used in smokeless powder. Major plant expansion is taking place in the chemical industry. For example, magnesium output will soon expand from about 30,000,000 pounds produced in 1940 to 400,000,000 pounds. There has been a notable increase in the use of petroleum products as a base for munition making.

The record of the chemical industry is one of brilliant adjustment to new conditions. In the last World War, our chemical industry was dependent to a considerable extent upon imports, but it is now able to provide substantially for our allies.

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*N. Y. "Journal of Commerce," Dec. 20, 1941.

*See New York "Herald Tribune," Dec. 21, 1941.

New Dwelling Construction In Non-Farm Areas In 1941 Largest Since 1928

A total of 615,000 new family dwelling units will have been placed under construction in non-farm areas during the year 1941, the largest number started in any year since 1928, Secretary of Labor Frances Perkins reported on Dec. 20. "In 1928, 753,000 new dwelling units were put under construction. From that level the aggregate of new units dropped to 509,000 in 1929 and then fell to a depression low of 54,000 in 1933," she said. "The 1940 and 1941 totals of new units have been the first annual aggregates since 1929 to exceed 500,000. These estimates which are based on building permits issued, are prepared by the Bureau of Labor Statistics of the U. S. Department of Labor. The non-farm area of the United States is defined as including all incorporated areas and all unincorporated areas except farms.

Secretary Perkins further stated:

The preliminary total of new dwelling units provided during 1941 shows an increase of 14% over the 1940 aggregate of 540,000. This increase was entirely due to a gain of 21% in 1-family dwellings, since new units in both the 2-family and apartment classifications showed decreases. Of the current total of 615,000 new units, 515,000 are 1-family dwellings; 33,000, 2-family; and 67,000, multi-family. During 1940 the non-farm total of 540,000 consisted of 425,000, 1-family; 37,000, 2-family; and 78,000 apartments.

Projects containing approximately 96,000 units, or 16% of the non-farm total, were financed with public funds during 1941. Of these, 73,000 units were designated for occupancy by families of military personnel and of workers directly aiding in the war effort. During 1940, 73,533 units, or 14% of the total number, were publicly financed. These included 23,785 units constructed for defense purposes.

The East North Central, Pacific, and South Atlantic States experienced the most important gains in new dwelling units during 1941 as compared with 1940. The only decrease from the 1940 level indicated by the preliminary 1941 estimates is in the Mountain States. Cities of all size groups, and the rural non-farm area as well, provided more new dwelling units during 1941 than during the previous year. These gains were much greater in the smaller sized cities and rural non-farm areas than in large urban centers. To a great extent, location of publicly financed defense housing projects in less densely populated areas was responsible for the trend just noted.

The permit valuation of the 615,000 new non-farm dwelling units during 1941 is estimated at $2,185,000,000. This is an increase of 18% over the $1,847,000,000 estimate for 1940.

The estimates quoted here and presented in the table below are comparable to previously published data. Preliminary results of a study of Census of Housing and related data reveal that the level of the privately financed rural non-farm estimates is understated. Provisions are now being made to raise the rural non-farm to the indicated level. However, for purposes of continuity and as a reflection of the general trend of new residential construction, the unadjusted estimates are presented here.

ESTIMATED NUMBER OF NEW DWELLING UNITS PROVIDED IN NON-FARM AREAS, 1941 AND 1940

(1941 Preliminary)

Geographic Division—	1941	1940	Population Group—	1941	1940
All divisions	615,000	540,000	Total non-farm area	615,000	540,000
Percentage change	+14	------	Percentage change	+14	------
New England	32,700	25,900	Total urban	437,100	397,500
Middle Atlantic	92,300	82,800	500,000 and over	106,000	100,000
East North Central	115,500	93,500	100,000 to 500,000	92,300	87,400
West North Central	36,500	34,200	50,000 to 100,000	42,400	41,100
South Atlantic	116,400	101,500	25,000 to 50,000	50,000	45,800
East South Central	30,200	28,800	10,000 to 25,000	70,200	58,100
West South Central	52,700	51,200	5,000 to 10,000	44,000	38,600
Mountain	18,400	19,900	2,500 to 5,000	32,200	26,500
Pacific	120,300	102,200	Rural non-farm	177,900	142,500

Byron Price Is Made Censorship Director

President Roosevelt announced on Dec. 16 the appointment of Byron Price, Executive News Editor of the Associated Press, as Director of Censorship. The form of censorship to be imposed on the mails, radio and cable transmission, and the press will be partly mandatory and partly voluntary. Censorship provision is contained in the First War Powers Act, 1941, which passed the Senate and House on Dec. 16, granting the President broad authority to prosecute the Government's war effort. In announcing the appointment of Mr. Price, President Roosevelt said that "such forms of censorship as are necessary shall be administered effectively and in harmony with the best interests of our free institutions." He also stated that some degree of censorship is essential in wartime in order to withhold any information which might be of aid to the enemy.

Incident to the appointment, the President read the following statement:

All Americans abhor censorship, just as they abhor war. But the experience of this and of all other nations has demonstrated that some degree of censorship is essential in wartime, and we are at war.

The important thing now is that such forms of censorship as are necessary shall be administered effectively and in harmony with the best interests of our free institutions.

It is necessary to the national security that military information which might be of aid to the enemy be scrupulously withheld at the source.

It is necessary that a watch be set upon our borders, so that no such information may reach the enemy, inadvertently or otherwise, through the medium of the mails, radio or cable transmission, or by any other means.

It is necessary that prohibitions against the domestic publication of some types of information, contained in long-existing statutes, be rigidly enforced.

Finally, the Government has called upon a patriotic press and radio to abstain voluntarily from the dissemination of detailed information of certain kinds, such as reports of the movements of vessels and troops. The response has indicated a universal desire to cooperate.

In order that all of these parallel and requisite undertakings may be coordinated and carried forward in accordance with a single uniform policy, I have appointed Byron Price, Executive News Editor of The Associated Press, to be Director of Censorship, responsible directly to the President. He has been granted a leave of absence by The Associated Press and will take over the post assigned him within the coming week or sooner.

Mr. Price was sworn in as the Censorship Director on Dec. 20. United Press advices on that day from Washington said:

Mr. Price said the country could take assurance from President Roosevelt's statement that all forms of censorship "would be in harmony with the best interests of our free institutions."

The oath was given by Ugo Carusi, Executive Assistant to Attorney General Biddle, in the office of Postmaster General Walker. Mr. Walker and Mr. Biddle, who are members of the new Censorship Policy Board, were present.

In an earlier interview Mr. Price said he planned first to clear up the "muddle" over voluntary censorship of the press and radio.

According to Washington advices to the New York "Times" Dec. 22, Assistant Secretary Herbert E. Gaston has been named as the Treasury's representative on the censorship committee which will advise Mr. Price.

New United States Cuban Trade Pact

A supplemental trade agreement between the United States and Cuba was signed at Havana on Dec. 23 by George S. Messersmith, American Ambassador, and Dr. Jose Manuel Cortina, Cuban Minister of State. It was the second supplementary agreement made since Cuba and the United States entered into a reciprocal trade pact in 1934. Under the latest agreement Cuba grants concessions on products imported from the United States involving 38 tariff items and the United States grants duty concessions on sugar and a variety of other Cuban products. The duty on Cuban sugar is reduced from 90 cents a 100 pound to 75 cents, the State Department explaining that "both countries recognize the desirability, particularly in the light of the emergency situation created by the Axis powers, of maintaining Cuba's position as a supplier of sugar to the United States market."

Associated Press Washington advices had the following to say concerning the pact:

The sugar-duty reduction was the item of greatest interest, since any decrease had been fought, at hearings here last September, by domestic beet and cane producers and by Puerto Rican interests. The 75-cent sugar tariff is equivalent to about 43% ad valorem, according to the State Department announcement.

Under the Tariff Act of 1930 the Cuban sugar duty was $2 a 100 pounds. That rate was reduced to $1.50 by Presidential proclamation in 1934 under flexible provisions of the Tariff Act in connection with the United States sugar-marketing restrictions imposed under provisions of the Jones-Costigan Act. The rate was further reduced to 90 cents a 100 pounds under the original reciprocal trade agreement signed with Cuba in 1934.

The new agreement provides rates of duty 50% below those applicable on molasses and sugar syrups under the Tariff Act of 1930. It also grants concessions on tobacco and cigars and fresh, chilled or frozen beef and veal. Reduced duties have been granted also on mangoes, fresh and preserved fruits not specially provided for, marble chips or granite, drugs of animal origin, frog legs and fruit pastes or pulps.

Smaller Wheat Area May Not Cut Output

The acreage planted to winter wheat this year was reduced to 39,318,000 acres from 45,663,000 acres in 1941 according to the report of the Department of Agriculture issued Dec. 19. The 14% cut in seeded area was even greater than the 12.5% cut which the Government had proposed because of the large crop and record carryover this year. The combination of these two factors has made available this year a total supply of wheat amounting to nearly 1,350,000,000 bushels, the greatest in history and almost double domestic consumption in a normal year. The large supplies on hand are presenting a difficult storage problem.

Indications so far, however, suggest that the acreage reduction may fail to achieve one of its primary purposes for conditions have been so favorable since plantings started that the smaller area is believed likely to produce a crop nearly as large as the one just harvested. Naturally the basis for an estimate at this early date is not very substantial but the Agricultural Department ventures a forecast of 630,913,000 bushels based on a comparison of this year's acreage, condition at Dec. 1, and rainfall and temperature to date with similar factors in other years. The winter crop harvested in 1941 amounted to 671,293,000 bushels, in 1940 588,802,000 bushels, and the ten year (1930-39) average 569,417,000 bushels.

The presently anticipated winter crop is very nearly as great as the Government plans for combined winter and spring output of about 650,000,000 bushels. Even if spring production should fall as much as 100,000,000 bushels from the 274,644,000 bushels produced this year and the presently anticipated winter crop should become a fact, total production in 1942 would exceed the planned output by more than 150,000,000 bushels. All of which is only further evidence that crop planning is an extremely hazardous occupation.

Today we cannot regard large crop surpluses only from the standpoint of the marketing problem which they create. For with the entire world engaged in war such surpluses may some day represent the means of preventing widespread starvation. As has been predicted, food may yet "win the war and write the peace."

Finds Unemployment Lowest Since 1930

A general labor shortage is in prospect, if not immediately imminent, according to the revised estimates of the total labor force and unemployment released Dec. 23 by the Division of Industrial Economics of The Conference Board. Unemployment in October is placed at 1,700,000. In September, the number without jobs had fallen almost to 500,000. The increase in October resulted primarily from a normal seasonal decline in agricultural employment. The Board also says:

Employment in 1941 averaged about 93.5% of the Nation's normal labor force. Prior to the war emergency it was generally agreed that an "irreducible minimum" of unemployment would be reached when 92% to 95% of the labor force was employed.

At the beginning of 1941 there were about 8,000,000 persons unemployed. The slack in the labor market was so quickly taken up by industrial and military expansion, however, that by May the number without jobs had been reduced to 2,500,000. From May to October unemployment averaged 1,600,000. This was about equal to the average number of people engaged on WPA, CCC, and other Government emergency activities.

Well before the declaration of war with Japan, therefore, the normal labor supply was being rapidly exhausted. Now that the country is in the war, the demand on the labor force will be intensified. Further expansion of the armed forces by 2,000,000 to 3,000,000, as is being suggested, would alone completely take up the slack in the labor market.

Monthly field studies indicate that thus far there has been little employment of those not normally included in the labor force, such as housewives and those leaving school prematurely. As a result of the shifting of men normally in the labor force into the armed force, the number of civilians in the labor force is no greater now than it was before the defense program began. It may, indeed, be somewhat smaller.

The need for increased production is so urgent that an extended work week and the entrance of new people into the labor force cannot be long postponed. High production costs, owing to the expense of training programs and the probable insufficiency of new workers may exert inflationary pressure upon the price structure. In World War I, new recruits were rapidly drawn into the labor force, but the physical volume of output was not increased.

Manufacturing employment in 1917-18 averaged 11,400,000, as against 8,800,000 in 1914 and 10,200,000 in 1916. The physical volume of manufacauring output, however, dropped slightly in 1917 and again in 1918 after a marked rise from 1914 to 1916. In the essential metal industries, output per man hour was lower in 1917 an 1918 than in 1915.

Three methods of increasing production are suggested: (1) increasing the working hours of those already employed; (2) shifting workers already employed into industries where their skills and abilities will be best employed in the war effort; (3) employing persons who are normally not in the labor force, particularly retired workers, housewives, and students of working age.

Increasing the length of the work week is likely to bring about the quickest increase in output. Over-extension of hours, however, if continued for a long period, would hinder production; possibly the work week of the late twenties might serve as a practical guide to an effective and unoppressive level. Overtime payments, moreover, may deter further expansion of the working week in those industries where the full economies of capacity production have already been obtained.

Nat. Retail Dry Goods Convention, Jan. 12-16

The National Retail Dry Goods Association will hold its 31st annual convention Jan. 12 to 16 at the Hotel Pennsylvania, in New York. In view of the many individual and difficult problems which home furnishings are expected to encounter during the coming year a special session will be held devoted to this field at which the discussion will involve credit regulations, curtailment of production in metallic lines, price controls and higher prices. One of the speakers scheduled to participate on this program is Dr. James F. Bogardus, Chief of the Consumer Durable Goods Division of the Office of Price Administration.

Supreme Court Upholds Right Of Employer To Express His Views On Labor Issues

The right of an employer to express his views freely on labor issues, provided his utterances are not part of a plan to coerce his workers in violation of the Wagner National Labor Relations Act, was upheld by the United States Supreme Court on Dec. 22 by a 7-to-0 decision written by Justice Murphy. The opinion was delivered on litigation growing out of a Labor Board order directing the Virginia Electric & Power Co. to disestablish a union of company employees. The Board had held that the independent union (Independent Organization of Employees) was company-dominated. Explaining that the board's ruling "seems based heavily upon findings which are not free from ambiguity and doubt," the Court returned the case to the Board "for a redetermination of the issues in the light of this opinion. "We believe," said Justice Murphy, "that the Board, and not this Court, should undertake the task of clarification."

In the Associated Press accounts from Washington Dec. 22 it was stated:

> One of the issues revolved around a bulletin issued by the company and speeches delivered by company officials in 1937, shortly after the Supreme Court had held the Wagner Act to be constitutional.
>
> The Board said the company, in the bulletin and speeches, favored a union of company employees and opposed "outside" labor organizations. The company, however, contended that it left the employees "completely free to follow whatever their own wishes might be."

From the findings of the Supreme Court as contained in the text of its decision as given in the New York "Times" we take the following:

> The Board specifically found that the bulletin of April 26 and the speeches of May 24 "interfered with, restrained and coerced" the company's employees in the exercise of their rights guaranteed by Section 7 of the Act. The company strongly urges that such a finding is repugnant to the First Amendment.
>
> Neither the Act nor the Board's order here enjoins the employer from expressing its view on labor policies or problems, nor is a penalty imposed upon it because of any utterances which is has made. The sanctions of the Act are imposed not in punishment of the employer but for the protection of the employes. The employer in this case is as free now as ever to take any side it may choose in this controversial issue. But certainly conduct, though evidenced in part by speech, may amount, in connection with other circumstances, to coercion within the meaning of the Act. If the total activities of an employer restrain or coerce his employes in their free choice, then those employes are entitled to the protection of the Act. And in determining whether a course of conduct amounts to restraint or coercion, pressure exerted vocally by the employer may no more be disregarded than pressure exerted in other ways.
>
> * * *
>
> The mere fact that language merges into a course of conduct does not put that whole course without the range of otherwise applicable administrative power. In determining whether the company actually interfered with, restrained, and coerced its employes the Board has a right to look at what the company has said as well as what it has done.
>
> But from the Board's decision we are far from clear that the Board here considered the whole complex of activities, of which the bulletin and the speeches are but parts, in reaching its ultimate conclusion with regard to the Independent.
>
> It is clear that the Board specifically found that those utterances were unfair labor practices, and it does not appear that the Board raised them to the stature of coercion by reliance on the surrounding circumstances. If the utterances are thus to be separated from their background, we find it difficult to sustain a finding of coercion with respect to them alone. The bulletin and the speeches set forth the right of the employes to do as they please without fear of retaliation by the company. Perhaps the purport of these utterances may be altered by imponderable subtleties at work which it is not our function to appraise.
>
> Whether there are sufficient findings and evidence of interference, restraint, coercion, and domination without reference to the bulletin and the speeches, or whether the whole course of conduct evidenced in part by the utterances was aimed at achieving objectives forbidden by the Act, are questions for the Board to decide upon the evidence.
>
> Here we are not sufficiently certain from the findings that the Board based its conclusion with regard to the Independent upon the whole course of conduct revealed by this record. Rather it appears that the Board rested heavily upon findings with regard to the bulletin and the speeches, the adequacy of which we regard as doubtful. We therefore remand the cause to the Circuit Court of Appeals with directions to remand it to the Board for a redetermination of the issues in the light of this opinion. We do not mean to intimate any views of our own as to whether the Independent was dominated or suggest to the Board what its conclusion should be when it reconsiders the case. Since the Board rested the remainder of its order in large part on its findings with respect to the domination of the Independent, we do not at this time reach the other parts of the Board's order, including the command that the checked-off dues and assessments should be refunded.

Justices Roberts and Jackson did not participate in the decision, said Washington advices to the New York "Journal of Commerce," which said that the Fourth Circuit Court of Appeals had set the Labor Board's order aside. It noted that the Surpeme Court neither upheld nor reversed the Board but ordered the Board to redetermine its decision.

OPM Reorganizes

Reorganization of the Office of Production Management to bring all industrial branches handling civilian supplies and industries under the supervision of William S. Knudsen, Director General, and Sidney Hillman, Associate Director, was announced on Dec. 19. The action was taken as a preliminary step to the Government's drive to convert industry into making goods for either military purposes or for essential civilian needs. The OPM Civilian Supply Division was headed by Leon Henderson and the Division of Purchases by Douglas C. MacKeachie.

The Production Division, under W. H. Harrison, the Priorities Division under Donald M. Nelson, and the Materials Division, under William L. Batt, were not affected by the reorganization.

New York State Factory Employment In Small Seasonal Loss In November

Preliminary tabulations showed that the number of workers employed by New York State factories declined 0.6% from the middle of October to the middle of November. Total payrolls dropped 0.2%. This marked the first time in the past year and a half that net reductions in both employment and payrolls were reported. According to Industrial Commissioner Frieda S. Miller, who released this report Dec. 11, the losses this month were small and chiefly caused by seasonal factors, usual in November. The Commissioner further reported:

> Over the past 27 years, the average changes from October to November have been losses of 0.6% in forces and of 1.2% in payrolls. In the absence of major gains in the defense industries this November, the usual seasonal losses at apparel, construction material and food firms produced the net losses.

The New York State Department of Labor's index of factory employment, based on the 1925-27 average as 100, dropped to 126.1. The corresponding payroll index was 151.3. Compared with November a year ago, there were 24.8% more workers employed this November on a payroll that was 49.1% higher. The reports from 2,500 representative factories throughout the State were included in the preliminary tabulations this November. These firms employed **622,411** workers at an average weekly wage of $34.77 during the middle week of the month. The Division of Statistics and Information, under the direction of Dr. E. B. Patton, is responsible for the monthly collection, tabulation and analysis of these reports.

Only Two Industrial Districts Report Gains

The Utica and Albany-Schenectady-Troy districts were the only two of the seven main industrial districts of the State that reported gains in both employment and payrolls from October to November. In both of these industrial areas, the gains were produced by sizable increases at individual defense plants. Utica firearms, cotton and knit goods plants hired sufficient workers to more than offset the layoffs at nonferrous and other metal, silk goods and printing establishments. The gains at machinery, steel, brush and wood products concerns in the Albany-Schenectady-Troy area were sufficient to obliterate the losses at most other plants.

Small gains in forces were accompanied by payroll losses in the Binghamton-Endicott-Johnson City and Syracuse areas. In these areas, metal products concerns hired additional workers, but reduced payrolls and, in the absence of major changes among the other industries, similar changes in the totals occurred. Although most Rochester metal firms were busier, the large seasonal losses at shoe, clothing and canning firms lowered the total employment and payroll levels. Seasonal reductions at New York City apparel and construction materials firms were instrumental in producing net losses there. Good gains were reported by New York City instruments, novelties, baked goods and miscellaneous wood products concerns. Metal plants in the Buffalo area laid of about 2,000 workers from October to November. The large losses at these plants, which employ a large proportion of the factory workers in this district, were the major factor in the decline in Buffalo this month.

	Oct. to Nov., 1941 Percent Change		Nov., '40 to Nov., '41 Percent Change	
City—	Employees	Payroll	Employees	Payroll
Utica	+1.6	+1.5	+29.3	+66.6
Albany-Schenectady-Troy	+0.7	+0.7	+39.2	+65.3
Binghamton-Endicott-Johnson City	+0.5	—0.2	+13.3	+60.6
Syracuse	+0.5	—0.7	+20.7	+44.6
Rochester	—0.7	—0.4	+25.5	+50.4
New York City	—1.7	—0.8	+21.5	+37.7
Buffalo	—2.6	—2.0	+23.3	+45.3

Christmas Messages To U. S. Of President And Prime Minister Churchill Of Britain

President Roosevelt and Prime Minister Winston Churchill of Great Britain joined in Christmas Eve messages to the people of America at the annual ceremony of lighting the community Christmas tree at the White House. The President asserted that the traditional Christmas celebration was being observed this year because of the demands on the nation for the "preparation of our hearts" for the "labor and the suffering and ultimate victory which lie ahead." He referred to his proclamation setting aside Jan. 1 as a Day of Prayer and declared that "our strongest weapon in this war is that conviction of the dignity and brotherhood of man which Christmas Day signifies — more than any other day or any other symbol." Mr. Roosevelt also praised the courage and sacrifice of the many other nations and peoples with which this country is now joined "in a great cause."

In his brief talk, the Prime Minister said that "ill would it be for us this Christmastide if we were not sure that no greed for the lands or wealth of any other people, no vulgar ambition, no morbid lust for material gain at the expense of others had led us to the field." He called for the casting aside "for one night only" of the "cares and dangers which beset us" and urged full enjoyment before turning again "to the stern tasks and formidable years that lie before us."

The text of the President's address follows:

Fellow workers for freedom:

There are many men and women in America — sincere and faithful men and women—who asked themselves this Christmas:

How can we light our trees? How can be give our gifts? How can we meet and worship with love and with uplifted hearts in a world at war, a world of fighting and suffering and death?

How can we pause, even for a day, even for Christmas Day, in our urgent labor of arming a decent humanity against the enemies which beset it?

How can we put the world aside, as men and women put the world aside in peaceful years, to rejoice in the birth of Christ?

These are natural—inevitable—questions in every part of the world which is resisting the evil thing.

Even as we ask these questions, we know the answer. There is another preparation demanded of this nation beyond and beside the preparation of weapons and materials of war. There is demanded of us also the preparation of our hearts; the arming of our hearts. And when we make ready our hearts for the labor and the suffering and the ultimate victory which lie ahead, then we observe Christmas Day—with all its memories and all its meaning—as we should.

Looking into the days to come, I have set aside a day of prayer, and in that proclamation I have said:

"The year 1941 has brought upon our nation a war of aggression by powers dominated by arrogant rulers whose selfish purpose is to destroy free institutions. They would thereby take from the freedom-loving peoples of the earth the hard-won liberties gained over many centuries.

"The new year of 1942 calls for the courage and the resolution of old and young to help to win a world struggle in order that we may preserve all we hold dear. . . .

"Therefore, I . . . . do hereby appoint the first day of the year 1942 as a day of prayer, of asking foregiveness for our shortcomings of the past, of consecration to the tasks of the present, of asking God's help in days to come."

Our strongest weapon in this war is that conviction of the dignity and brotherhood of man which Christmas Day signifies—more than any other day or any other symbol.

Against enemies who preach the principles of hate and practice them, we set our faith in human love and in God's care for us and all men everywhere,

It is in that spirit, and with particular thoughtfulness of those, our sons and brothers, who serve in our armed forces on land and sea, near and far—those who serve for us and endure for us—that we light our Christmas candles now across this continent from one coast to the other on this Christmas evening.

We have joined with many other nations and peoples in a great cause. Millions of them have been engaged in the task of defending good with their life-blood for months and years.

One of their great leaders stands beside me. He and his people in many parts of the world are having their Christmas trees with their little children around them just as we do here. He and his people have pointed the way in courage and sacrifice for the sake of little children everywhere.

And so I am asking my associate and old friend to say a word to the people of America, old and young, tonight—Winston Churchill, Prime Minister of Great Britain.

Many Accept Colombian Board Exchange Offer

Holders of more than 50% of the outstanding $43,176,500 Republic of Colombia 6% external sinking fund gold bonds due Jan. 1, 1961, and Oct. 1, 1961, have taken advantage of the Republic's offer to issue in exchange for these bonds an equal principal amount of new 3% external sinking fund dollar bonds, Gabriel Turbay, Colombian Ambassador to the United States, announced on Dec. 22. The new bonds which will mature Oct. 1, 1970, are to be issued in the amount of $50,000,000, the balance not required for exchanges being reserved for issuance for past due coupons of the 6% loans. The exchanges are being effected through The National City Bank of New York as agent, and interest coupons on the new bonds are being paid currently at the offices of Hallgarten & Co., 44 Wall St., and Kidder, Peabody & Co., 17 Wall St., New York City.

November Engineering Construction Up 7%

Engineering construction awards for the four weeks of November total $348,800,000 as reported by "Engineering News-Record" Dec. 4. This is an average of $87,200,000 per week, and is 7% higher than the average for the five weeks of October, but 9% lower than the average for the four weeks of the corresponding 1940 month. The current month's total is the second highest for any November on record, being topped only by the November, 1940 volume.

Public construction, on the weekly average basis, is 13% above last month, and is responsible for the increase, as private awards are 10% lower. Public awards, are 0.4% below a year ago, and private work is 33% lower.

Federal construction is 38 to 20% higher, respectively, than last month and last year. State and municipal awards are 34% under a month ago, and 39% lower than a year ago.

Values of awards for the three months are:

	Nov., 1940 (four weeks)	Oct., 1941 (five weeks)	Nov., 1941 (four weeks)
Total construction	$382,724,000	$406,332,000	$348,800,000
Private construction	101,590,000	94,760,000	68,432,000
Public construction	281,134,000	311,572,000	280,368,000
State and municipal	96,738,000	111,214,000	58,977,000
Federal	184,396,000	200,358,000	221,391,000

The November construction volume brings the total for 1941 to date to $5,599,010,000, a gain of 56% over the awards for the 11-month period last year, and 40% greater than the $3,987,000,000 reported for the entire year 1940. Private construction for the period is 6% higher than a year ago, and public work is 77% higher as a result of the 170% increase in Federal work.

November averages compared with those of the preceding month reveal increases in public buildings of 44%; commercial building and large-scale private housing, 44%; and sewerage construction, 30%. Decreases are reported in street and road lettings, 14%; industrial buildings, 36%; bridges, 11%; waterworks, 13%; earthwork and drainage, 42%; and unclassified construction, 23%.

Comparison of current averages with those for November, 1940, shows gains in public buildings, 2%; waterworks, 46%; and unclassified construction, 16%. Losses are in streets and roads, 20%; industrial buildings, 48%; commercial building and large-scale private housing, 6%; bridges, 26%; sewerage, 7%; and earthwork and drainage, 48%.

Geographically, three sections report higher average volumes than in October. New England is 112% higher; Middle West is up 105%; and west of Mississippi States gain 36%. The Far West average is 13% under a month ago; South is 27% lower; and Middle Atlantic is down 31%.

Compared with November, 1940, the New England volume is up 25%; Middle West climbs 59%; and Far West gains 4%. South, west of Mississippi, and Middle Atlantic are 40, 27 and 26% lower, in that order.

New Capital

New capital for construction purposes for the month of November totals $193,091,000. This is 149% greater than in the month last year. The private investment total, $45,340,000, is 16% over last year, but Federal financing of non-Federal work, $22,751,000, is 41% lower. Federal appropriations for Federal work from the Second Lease-Lend Appropriation Act total $125,000,000 for November.

New construction financing for the year to date, $6,282,297,000, is up 74% compared with the $3,610,990,000 reported for the 11-month period in 1940. Private investment, $752,438,000, gains 9%: Federal financing of non-Federal work, $578,741,000, is off 9%; and Federal Appropriations for Federal construction, $4,951,118,000, are 117% above a year ago.

SEC Widens Restrictions On Defense Disclosures

The Securities and Exchange Commission announced on Dec. 15 that it has amended Rule 581 of its General Rules and Regulations under the Securities Act of 1933 regarding nondisclosure of contracts affecting the national defense. The amendment, says the Commission, broadens the scope of the rule so as to provide for nondisclosure of any contract which an executive department of the United States or the United States Maritime Commission has administratively determined should not be disclosed in the interest of national defense. Under the amendment nondisclosure is provided for contracts relating to the military forces of allies of the United States Government as well as those of the United States. The text of the Commission's action follows:

> The Securities and Exchange Commission, acting pursuant to authority conferred upon it by the Securities Act of 1933, particularly Sections 7, 10 and 19 (a) thereof, and finding it necessary and appropriate in the public interest and for the protection of investors and necessary for the execution of the functions vested in it by the Act, hereby amends Rule 581 to read as follows:
>
> *Rule 581. Contracts Affecting the National Defense.*
>
> (a) Notwithstanding any particular provision in any form for registration or instruction pertaining thereto, the registrant need not file as an exhibit to the registration statement a copy of any contract as to which all the following conditions are satisfied:
>
> (1) A copy of the contract is on file with an executive department of the United States or with the United States Maritime Commission.
>
> (2) The registrant has been notified in writing that the executive department or the United States Maritime Commission, as the case may be, has administratively determined that the subject of such contract relates to and affects the national defense and that disclosure thereof would be contrary to the public interest.
>
> (b) The registrant shall file as an exhibit to the registration statement, in lieu of the copy of the contract omitted pursuant to paragraph (a), a copy of each notification received from the executive department or the United States Maritime Commission with respect to the filing of copies of the contract or of information as to its terms.
>
> (c) Notwithstanding any particular provision in any form for registration or instruction pertaining thereto, the registrant need not, in answering any item in the form for registration calling for a summary of the terms of any contract of the type described in paragraph (a), furnish any information as to any terms of the contract relating directly or indirectly to any of the following subjects as to which the registrant has been notified in writing that the executive department or the United States Maritime Commission with which a copy of the contract is on file has administratively determined that such subjects relate to and affect the national defense and that disclosure thereof would be contrary to the public interest:
>
> (1) Quantity of equipment or materials to be constructed or supplied.
>
> (2) Designations of type, descriptions, specifications, deliveries, tests, or guarantees of performance with respect to such equipment or materials.
>
> (3) Nature and extent of experimental facilities, services, or information to be furnished.
>
> (d) The answer to any item in the form for registration calling for a summary of the terms of any contract of the type described in paragraph (a) shall include a statement in approximately the following form:
>
> > Information as to certain terms of the contract(s) has been omitted pursuant to the rules and regulations of the Securities and Exchange Commission, the registrant having been notified that the ——— (naming the executive department or the United States Maritime Commission) has determined that such information relates to and affects the national defense and that disclosure thereof would be contrary to the public interest. Such notification is filed as Exhibit ——.
>
> (e) Public disclosure will not be made of the contents of any notification filed pursuant to paragraph (b), or of any portion of the information as to the terms of the contract required to be furnished notwithstanding the provisions of paragraph (c), if the Securties and Exchange Commission determines that such disclosure would impair the value of the contract and is not necessary for the protection of investors. In any case where the registrant desires the Commission to make such a determination, the procedure set forth in Rule 580 shall be followed, except that there shall be filed, in lieu of the three copies of the contract or portion thereof required by paragraph (b) (1) of such rule, three copies of the notification and three copies of the information as to the terms of the contract which the registrant desires to keep undisclosed, all clearly make "Confidential."
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> Effective Dec. 15, 1941.

Treasury Explains About Contributions For War Purposes

Secretary of the Treasury Morgenthau said on Dec. 22 that contributions from individuals and groups for war purposes are being deposited in the General Fund of the Treasury as "donations to the Government for national defense." He pointed out that such contributions could not be received for specific purposes and that moneys in the general fund are used to pay all expenses of the Government, including those for war activities. The Department's announcement also had the following to say:

> The Secretary said the Treasury had received a number of suggestions that arrangements be set up to encourage donations to special funds to be identified by slogans such as "Buy a Bomber," "Give a Christmas present to Uncle Sam," and others. He explained that it did not appear practicable to adopt these suggestions as a major means of financing the Government's requirements and added that the principal sources of funds to the Treasury are from taxation and the sale of public debt obligations.
>
> Answering inquiries from a number of persons and organizations who asked that they be permitted to collect amounts for donation to the Government, the Secretary repeated his explanation of June 6, 1940, when he said that the sole authority for determining the method of raising money necessary to meet the expenditures of the Government is vested in the Congress.
>
> The Secretary said he was greatly heartened by the numerous donations which have been made to the Treasury and by the number of suggestions received and believed they gave positive evidence of the spirit of patriotism prevailing in the Nation. He added that the Treasury would continue to receive voluntary donations from those people who desire to make such donations directly to the Treasury, but that the Treasury could not authorize private persons or agencies to conduct special campaigns to raise funds from the public for this purpose.
>
> The Secretary urged, however, that persons desiring to participate in the war effort of the country invest their funds in Defense Savings Bonds or Stamps or in Treasury Tax Savings Notes to use in paying their currently accruing tax liabilities. In some cases, he pointed out, voluntary donations obviously entail real sacrifice on the part of the donors and such donors bear more than their fair share of the war costs.
>
> The Secretary also called attention to the fact that the Congress has enacted additional revenue measures and will undoubtedly enact further measures under which the burden of the cost of the war will be imposed upon all of the people according to the degree of their ability to pay such taxes.

Study Assails Rigid Financial Structure Of Reorganized Rails

The rigid financial structure of railroads now being reorganized is criticized in a study recently issued by the American Council on Public Affairs of Washington, D. C. Prepared by Dr. William H. Moore as a fellow of Brookings Institution, the study is entitled "The Reorganization of Railroad Corporations." Although concerned chiefly with the evils leading to the reorganization of railroad managements, the study applies its conclusions to general corporate relationships and their bearing on public policy. As to the study, an announcement bearing thereon says:

> Dr. Moore emphasizes that stock issues are preferable to bonds from the standpoint of the corporations and the millions of holders of insurance policies and savings accounts directly affected by institutions investing heavily in the fixed securities of railroads. In this connection, Dr. Moore points out that more than one-third of the funded debt of the railroads is held by life insurance companies and mutual savings banks. He asserts that economic trouble is tempted by the practice of establishing the insurance and banking business on fixed claims related to the income of the railroads.
>
> The causes of current debt-readjustments of the railroads, Dr. Moore insists, are to be found in the factors which discourage greater reliance on equity financing. He favors the placing of all railroad capital contracts in the form of contingent charges or pledges of earnings. In his opinion, even an investor preferring a fixed rate would benefit by the change and thus be freed of the risk of disorganization and disruption occasioned by the chronic inability to meet the fixed charges from which all investors suffer. The corporation can pay a contingent charge, he argues, as easily and certainly as a fixed charge, if earned, provided only that control of the corporation is not placed in corporations likely to profit by improper withholding of payments. In support of his views, Dr. Moore cites recent findings of the Interstate Commerce Commission. Since Federal laws restrict holdings of preferred stocks by insurance and savings institutions, he recommends that the statutory limitations on investment of fiduciary funds be changed in order to further sound public interest.
>
> Dr. Moore's study is based on the definition of reorganization as the adjustment of a corporation's capital contracts to economic realities and prospects—a process necessitated by unsuccessful efforts to make economic realities conform to contractual undertakings. In the course of his study, he analyzes the general trend of railroad reorganization prior to 1933, the legislative history of Section 77 of the Bankruptcy Act, the reorganization of directing personnel, the steps relating to reorganization procedure, the classification of claims, the requirements of the Interstate Commerce Commission and the courts, forcing acceptance of a reorganization plan, private and public considerations in connection with fixed charges and their regulation, the doctrines of absolute and relative priority in distribution of losses, control and management as assets, the special aspects of divisional mortgages, and the treatment of sundry creditors. In his conclusions, Dr. Moore states that the market-value-of-securities formula is sound and suggests that the public prevail upon its legislative representatives and governmental commissions to "disavow any greater obligation to bondholders than to stockholders before default, and any greater solicitude for the stockholders than the prior claimants after default."

Randolph Paul Made Treasury Tax Adviser

Secretary of the Treasury Morgenthau announced on Dec. 12 that Randolph Paul, New York attorney, and Sterling lecturer on taxation at Yale University School of Law, has been consulting with him and other Treasury officials as a tax adviser. He said that Mr. Paul will be appointed Tax Adviser to the Secretary with the technical status of Assistant to the Secretary to devote his full time to such work as soon as his personal affairs can be arranged.

Mr. Paul, a member of the firm of Lord, Day & Lord, and a Class C Director of the Federal Reserve Bank of New York, is the author of several studies dealing with Federal taxation.

Death Of Gunther, U. S. Minister To Rumania

Franklin Mott Gunther, United States Minister to Rumania, died on Dec. 22 in Bucharest after an illness of several weeks, according to word received at the State Department, in Washington. He was 56 years old. All members of the legation staff have been in Bucharest awaiting arrangements for return to the United States as a result of Rumania's declaration of war against the United States on Dec. 12.

President Roosevelt and Secretary of State Hull recently cabled messages to Mr. Gunther expressing distress over his illness and praising his contribution to the interests of the country. Mr. Gunther, who was a native of New York City, had a long career in the American diplomatic service dating back to 1908.

SEC Reports 30 Security Issues Totaling $193,416,000 Were Registered In November

The Securities and Exchange Commission announced on Dec. 19 that efective registrations under the Securities Act of 1933 during the month of November covered 30 issues in 23 statements in the total value of $193,416,000, compared with $154,477,000 in October, 1941, and $161,748,000 in November, 1940, according to an anlysis prepared by the Research and Statistics Subdivision of the Trading and Exchange Division. The SEC stated:

> Most of the total, or $186,066,000, were registered for the account of issuers and proposed for sale, and $133,010,000 of this was concentrated in four issues—$65,625,000 of common stock of The Pacific Telephone and Telegraph Co.; $26,250,000 of 3% first and refunding mortgage bonds, due 1971, of the Pacific Gas and Electric Co.; $20,835,000 of 2¾% first and refunding mortgage bonds, due 1971, of the Philadelphia Electric Co.; and $20,300,000 of 2⅛% debenture bonds, due 1951, of the Westinghouse Electric & Manufacturing Co. Small segments not registered for sale by issuers included $1,257,000 of substitute securities, $3,744,000 registered for the account of others than the issuers, $1,369,000 reserved for conversion and $980,000 reserved for subsequent issuance.

The Commission also supplies the following aditional data:

> An unusually high proportion, 38.4% of the securities proposed for sale by issuers, was in the form of common stock. Unsecured bonds amounted to 27.3% and secured bonds 25.3% of the total of all types of securities registered by issuers for sale. Certificates of participation, beneficial interest, etc. amounted to 5.5% of the total, and preferred stock 3.5%.
>
> Companies in the transportation and communication industries registered $68,563,000, or 36.8% of the total registered for the accounts of issuers and intended for sale. Electric, gas and water utilities were represented by $55,018,000, or 29.6%; manufacturing companies by $36,316,000, or 19.5%; extractive by $15,480,00, or 8.3%; financial and investment $10,190,000, or 5.5%; and service industries by $500,000, or 0.3%.
>
> The major portion, or $116,176,000, of the securities registered for sale by issuers were to be offered to the public through investment banking facilities. Of this amount, $106,144,000 was underwritten at an average compensation of 1.9%, and $10,002,000 was to be distributed by investment bankers under agency agreements at an average commission of 5.7%. The balance of $67,218,000 was expected to be distributed directly, with holders of securities of the issuers having first option on all but $30,000.
>
> The aggregate compensation on securities intended for distribution both directly and through investment banking facilities was expected to be $2,703,000, or 1.5% of the $186,066,000 of gross proceeds. After deducting other expenses of distribution amounting to $776,000, or 0.4% there remained for the use of issuers net proceeds of $182,587,000, or 98.1% of gross proceeds.

EFFECTIVE REGISTRATIONS UNDER THE SECURITIES ACT OF 1933
(By Types of Securities)
November, 1941

	Total securities effectively regist.		Total, less securs. res. for conversion or substitution			Securities proposed for sale by issuers		
Type of Security	No. of Issues	Amount	Amount	Percent Nov., 1941	Nov., 1940	Amount	Percent Nov., 1941	Nov., 1940
Secured bonds	2	$47,085,200	$47,085,200	24.7	44.5	$47,085,200	25.3	65.9
Unsecured bonds	3	50,750,000	50,750,000	26.6	1.1	50,750,000	27.3	1.6
Preferred stock	2	6,600,000	6,600,000	3.5	15.3	6,600,000	3.5	7.6
Common stock	11	77,198,050	75,829,300	39.7	16.7	71,441,125	38.4	15.5
Certificates of partic., beneficial int., &c.	6	10,525,705	10,525,705	5.5	22.2	10,190,000	5.5	9.4
Warrants or rights	1	------	------	---	0.2	------	---	0.0
Substitute securs. (V.T. ctfs. & ctfs. of dep.)	5	1,257,256	------	---	---	------	---	---
Grand total	30	$193,416,211	$190,790,205	100.0	100.0	$186,066,325	100.0	100.0

Henry Parker Willis Fellowship Established

The Henry Parker Willis Fellowship for advanced study in money and banking has been established by the Trustees of Columbia University with an initial gift of $4,479 received from the Henry Parker Willis Fellowship Committee, of which Senator Carter Glass is honorary Chairman, it is announced by Dr. Nicholas Murray Butler. Open to graduates of all colleges and universities of approved standing, the Fellowship will be awarded annually as soon as the accumulated income provides a suitable stipend. The Fellowship fund will be kept open, but until sufficient contributions are received, the committee suggests that the holders be granted a supplementary scholarship. It is expected that the first award will be made for the academic year 1943-44. The announcement from Columbia University further states:

> The Fellowship perpetuates the memory of Dr. Henry Parker Willis, former economist and editor of the "Journal of Commerce," who, as a member of the Columbia Faculty for 24 years, served as a friend and guide to thousands of business students. Dr. Willis came to Columbia in 1913 as a lecturer in finance. Four years later he was appointed the first Professor of Banking in the School of Business, a post he held until his death on July 18, 1937. His son, J. Brooke Willis, is now a lecturer in banking in the school.
>
> Born in Weymouth, Mass., on Aug. 14, 1874, Dr. Willis received the bachelor of arts degree from the University of Chicago in 1894 and the Ph.D. from the same institution in 1897. Columbia conferred upon him the honorary degree of doctor of laws in 1929. Wr. Willis began his teaching career in 1899 as Professor of Economics and Political Science at Washington and Lee University. In 1905, he became Professor of Finance at George Washington University, where he was dean of the College of Political Science from 1907 to 1912.
>
> He joined the staff of the "Journal of Commerce" in 1912 and served as editor-in-chief from 1919 to 1931. As a consultant of the House Ways and Means and Banking and Finance Committees he helped draft the Federal Reserve Act of 1913. The author of numerous books on banking, Dr. Willis contributed to many economic journals published both in the United States and abroad.
>
> Prof. John M. Chapman, of the School of Business, is Chairman of the Fellowship Committee, and Frederick W. Jones, managing editor of the "Commercial & Financial Chronicle," is Secretary. Its members include:
>
> Harry E. Ward, President of the Irving Trust Co.; George V. McLaughlin, President of the Brooklyn Trust Co.; Joseph A. Broderick, President of the East River Savings Bank; Jules I. Bogen, editor of the "Journal of Commerce"; Edmund Platt, Vice-President of the Marine Midland Group, Inc.; William O. Heath, Assistant Secretary of the Harris Trust & Savings Bank of Chicago, Ill.
>
> Also, Josepn H. Foley, manager of the New York Agency of the Philippine National Bank; George Buchan Robinson, of Irvington-on-Hudson, N. Y.; Prof. Roy L. Garis, of Vanderbilt University; Dr. William H. Steiner, Professor of Economics at Brooklyn College; Prof. Ralph W. Robey, of Columbia University; Dr. B. Haggott Beckhart, Associate Professor of Banking at Columbia; Dr. Roswell C. McCrea, former dean of the Columbia School of Business.

Oct. Home Financing At New High Level

Home financing during October rose to a new high level of $448,000,000 in spite of a sharp drop in residential construction due to restrictions resulting from the defense program, economists of the Federal Home Loan Bank Board announced on Dec. 20. This, it is stated, represents a $23,000,000 increase over September non-farm mortgage recordings, and approximately $60,000,000 over figures for October, 1940. The greatly increased sale of real estate is believed to be an important factor in the volume of October mortgage recordings. The Board's announcement also said:

> During the month, 152,156 mortgages were recorded by all types of lenders. Savings and loan associations again led the field, with 31% of the dollar volume, or $138,670,000. Banks and trust companies accounted for $106,109,000 and individual mortgage lenders were third with $74,891,000.
>
> Bank Board economists pointed out that during the first 10 months of 1941, savings and loan associations clearly dominated the Nation's home financing, exceeding by almost $300,000,000 the home mortgage volume of their nearest competitors, banks and trust companies.
>
> Compiled by the Bank Board's Division of Research and Statistics with the cooperation of regional Federal Home Loan Bank Presidents, savings and loan officials, the American Title Association and the Mortgage Bankers Association, the following figures show the Nation's non-farm mortgage recordings up to $20,000 each during October:

	Number	Amount	% of total amount
Savings & loan associations	49,574	$138,670,000	31.0
Insurance cos.	8,271	39,896,000	8.9
Banks and trust companies	32,386	106,109,000	23.7
Mut. sav. banks	5,633	22,788,000	5.1
Individuals	37,167	74,891,000	16.7
Oth. mortgagees	19,125	65,636,000	14.6
Total	152,156	$447,990,000	100.0

Dr. Soong Is Named Chinese Foreign Minister

Announcement was made in Chungking, China, on Dec. 23 of the appointment of T. V. Soong as Foreign Minister of the Chinese Nationalist Government. Mr. Soong, former Finance Minister, is now in Washington serving as Chinese representative for lend-lease aid to his country. He replaces Quo Tai-chi, former Ambassador to London. Mr. Soong is Chairman of the Board of Directors of the Bank of China.

U. S. Labor Department Reports On Factory Workers' Hours And Earnings In October

Average hourly earnings of factory wage earners increased 1.7% from mid-September to mid-October to a level of 77.0 cents, Secretary of Labor Frances Perkins reported on Dec. 24. "This was the result of additional wage rate increases, increases in the amount of overtime, and a seasonal shift in the industrial composition of the manufacturing labor force," Miss Perkins said.

She further said:

> For example, employment in the low-wage canning industry declined seasonally 32% over the month. In all manufacturing average hours worked per week in October amounted to 41.1, representing a slight increase (0.4%) from September. Weekly earnings advanced 2.3% over the month interval to a level of $32.89. During the past year, hourly earnings have increased 14.7%; average hours have risen 4.8%; and average weekly earnings of both full- and part-time wage earners have risen 20.6%.

Secretary Perkins also had the following to report:

> Wage rate increases from Sept. 15 to Oct. 15 averaging 8.7% were received by more than 400,000 wage earners in 1,186 manufacturing establishments reporting increases to the Bureau of Labor Statistics. In the nondurable goods industries, approximately 270,000 workers were affected while in the durable goods industries about 130,000 workers secured advances.
>
> Industries in which substantial numbers of workers were granted wage rate advances were as follows: aircraft (40,100); cotton goods (27,000); chemicals (20,800); hosiery (16,600); woolen and worsted goods (13,900); rayon and allied products (13,000); foundry and machine shop products (10,100); dyeing and finishing textiles (9,700); smelting and refining—copper, lead, and zinc (9,300); and paper and pulp (9,300). Inasmuch as some firms may have failed to report wage increases to the Bureau of Labor Statistics and as the survey does not cover all establishments in an industry, these figures should not be construed as representing the total number of wage changes occurring during the period.
>
> Defense industries in October continued to operate at high levels with considerable amounts of overtime. Three strategic defense industries reported average hours of more than 50 hours per week per wage earner: machine tools (51.8 hours); machine-tool accessories (51.3 hours); and firearms (50.4 hours). Other important defense industries operated at the following levels: engines, turbines, etc., (46.9); shipbuilding (45.4); aircraft (45.2); ammunition (44.2); electrical machinery (43.8); explosives (43.3); brass, bronze and copper products (43.0); aluminum (42.4); blast furnaces, steel works, and rolling mills (39.9); and smelting and refining—copper, lead and zinc (39.5).
>
> Average hours per week in durable goods in October (42.9) showed a rise of 1.5% over the month and 4.8% over the year, while those in nondurable goods (39.1 hours) decreased 1.0% over the month but still represented an increase of 4.1% over the year. Hourly earnings in durable goods (85.3 cents) rose 1.2% over the month and were 15.5% over the level of October, 1940, while those for the nondurable goods group (68.0) showed a gain of 1.8% over the month and 11.8% over the year. Average weekly earnings in the durable goods group ($37.97) were 2.9% higher than in September, 1941 and 21.3% above October, 1940, compared to an increase of 1.0% over the month and 16.2% over the year in nondurable goods ($26.10).
>
> Among the nonmanufacturing industries surveyed, anthracite coal mines reported a slight reduction in weekly earnings from mid-September to mid-October as a result of a reduction in hours worked; bituminous coal mines reported increases in both hours and earnings, resulting in a substantial rise in weekly earnings, over the month. Anthracite mining showed a 49.5% increase in weekly earnings, over the year interval, while the increase in bituminous coal mines amounted to 37.8%. Metal mining showed a 3.0% increase in weekly earnings over the month and a rise of 13.4% over the year. Weekly earnings in wholesale and retail trade were 8.1% and 6.2%, respectively, above the levels of October, 1940.

FSA Borrowers Raise Loan Repayments 75%

Low-income farm families have made increased repayments on farm rehabilitation loans made by the U. S. Department of Agriculture. The rise in loan collections, it is said, reflects good crops, higher farm prices, and improved farm and home management practices. Figures released Dec. 19 by the Farm Security Administration show that repayments made by more than 624,000 borrower families between July 1 and Oct. 31 increased 75.4% over the same period last year. A total of $34,120,386 was repaid during the four-month period this year as against $19,449,198 in 1940. The Department's advices likewise said in part:

> The increase in repayments on rehabilitation loans shows FSA borrowers are playing an important part in the Nation's Food for Freedom campaign, according to C. B. Baldwin, FSA Administrator. Many of the families paying off their loans have not only reached the immediate goal of maximum production for home use, but are now producing surplus farm products to strengthen the national effort.
>
> Rehabilitation loans have made it possible for low-income farmers to buy seed, fertilizer and operating equipment. This aid, plus expert guidance in farm and home management practices given by FSA representatives, has enabled farmers to expand their output.
>
> Farm Security Administration is encouraging borrowers to make substantial repayments this year, according to Mr. Baldwin.
>
> Installment repayments on outstanding rehabilitation loans are expected to amount to nearly $90,000,000 in the fiscal year ending June 30, 1942. Farm Security will lend an estimated $100,000,000 during the year to needy families that have so far been unable to set up economic farm units and to operate under long-term farm plans. In the fiscal year ending June 30, 1941, about $108,000,000 was advanced, and payments on loans totaled $62,000,000.
>
> In the more than seven years since these programs were initiated, borrowers had repaid $234,000,000 as of Oct 31, 1941, in principal and interest on rehabilitation loans. Outstanding obligations on Oct. 31 amounted to $355,000,000. A total of 127,000 familities had repaid their entire loans.

Governors Asked By President To Transfer Employment Agencies To Federal Body

A request that the Governors of the States and Territories transfer immediately to the Federal Employment Service all separate State and territorial employment agencies has been made by President Roosevelt. This was made known on Dec. 19 by the President, who at a press conference that day stated that the requested transfer is designed to bring about utilization to the fullest possible extent of all man and woman power to increase the output of war materials. Associated Press accounts from Washington Dec. 19 reporting this further said:

> Mr. Roosevelt read to the (press) conference a statement from a committee of the Governor's Conference and the Council of State Governments emphasizing the need of correlated fiscal action among the national, State and local governments to combat inflation, expedite defense production and prepare for a post-war adjustment.
>
> The Governors' committee advised Mr. Roosevelt they had adopted a six-point program which pledged them to:
>
> 1. Give priority to activities which will best promote defense.
> 2. Postpone non-defense public works.
> 3. Maintain public facilities in good condition and improve purchasing and administrative procedure.
> 4. Begin preparing programs of useful post-war public works.
> 5. Retire debt or accumulate cash reserves to finance post-war readjustment.
> 6. Safeguard the services and preserve the institutions of a free democracy, both State and local.
>
> The text of Mr. Roosevelt's telegram to the Governors requesting consolidation of Federal and State employment offices follows:
>
> "Now that this country is actually at war it is more than ever necessary that we utilize to the fullest possible extent all of the man power and woman power of this country to increase our production of war materials. This can only be accomplished by centralizing recruiting work into one agency.
>
> "At present, as you know, the United States Employment Service consists of 50 separate State and Territorial employment services whose operations are loosely co-ordinated by the Federal Government. In order that there may be complete responsiveness to the demands of national defense and speedy, uniform, effective action to meet rapidly changing needs, it is essential that all of these separate employment services become a uniformity and of necessity nationally operated employment service.
>
> "I have, therefore, given instructions to the proper Federal officials that the necessary steps be taken to accomplish this purpose at once.
>
> "I ask that you likewise instruct the proper officials of your State to transfer to the United States Employment Service all of the present personnel, records, and facilities required for this operation. Inasmuch as the Federal Government is already paying practically 100% of the cost of operation and the State personnel has been recruited on a merit basis, there will be no difficulty in transferring State employees into the Federal service.
>
> "These employment officers will continue to serve the unemployment compensation agency so that there will be no need to set up duplicate offices. I shall appreciate your advising me at once of your full co-operation so that the conversion of the present employment service into a truly national service may be accomplished without delay."
>
> Territorial governors to whom the telegrams were sent, were the Governors of Alaska and Hawaii.

Nov. Chicago Home Loan Bank Advances Higher

The Federal Home Loan Bank of Chicago lent $1,745,754 to member savings, building and loan associations in Illinois and Wisconsin in November, it was announced Dec. 15. A. R. Gardner, President of the bank, pointed out that the November disbursement by the reserve institution was 8.4% greater than in the like month of 1940 when the total advances had reached a new high for that particular month in the bank's eight years' history. November was the fifth ranking month of 1941 in the amount of funds poured out to member associations, and it was the fourth month in succession when more than $1,500,000 had been advanced.

Lend-Lease to Bolivia

The United States signed a lend-lease agreement with Bolivia on Dec. 6. Although the exact amount involved was not disclosed, the Associated Press reports that it is understood the agreement will allot from $10,000,000 to $15,000,000 in American aid to that republic. The agreement, signed at the State Department by Secretary Hull and Dr. Luis Fernando Guanchalla, Bolivian Minister, is the seventh known lend-lease pact with other American countries. Other agreements were with Brazil, Haiti, the Dominican Republic, Paraguay, Nicaragua and Cuba.

1941 Cotton Loans

The Department of Agriculture reported on Dec. 17 that Commodity Credit Corporation had made 799,229 loans on 1,494,878 bales of 1941 crop cotton through Dec. 13, 1941. Of the total, 89,497 loans on 310,615 bales were made by cooperative associations. At the same time last year loans had been made on approximately 2,500,000 bales.

CCC Decides To Sell 1939-40 Pooled Wheat

The United States Department of Agriculture announced on Dec. 16 a general sales plan under which Commodity Credt Corporation will sell 1939 and 1940 pooled wheat. Under this plan, Commodity Credit Corporation will offer pooled wheat at the market price, but not less than 15 cents over the 1941 loan value at point of storage. The premiums and discounts established under the 1941 loan program for differences in grade and quality (including protein, smut and garlic) will be included in determining the sales prices. The announcement added:

> This price will remain in effect through Dec. 31, 1941. Thereafter, it is expected that basic prices will be announced on the 14th and last days of each month and will remain in effect from the 15th day of each month to the close of that month, and from the first day of each month to the 14th day, inclusive, unless canceled by public notice. The corporation reserves the right to withdraw all offers of sales during any semi-monthly period or to refuse the sale of wheat of certain localities or wheat stored in certain locations.
>
> All prices will be predicated upon the sale of warehouse receipts "in store" (no loading-out charge to be paid); sales for shipment will be made at a preminum of 1½ cents per bushel over the "in store" price to cover the additional expense incident to loading and shipping.
>
> The sales price is approximately the current parity price for wheat less the 1941 farm program payments.

Re Interest Charged On Brokerage Accounts

Members of the Association of Stock Exchange Firms were advised in a bulletin sent out on Dec. 17 that for some time the Association and the Exchange have been endeavoring to obtain a revision of I. T. 3484, issued by the Office of the Commissioner of Internal Revenue, with regard to the circumstances under which interest charged on brokerage accounts may be deducted from gross income by taxpayers filing income tax returns on a cash basis. The bulletin adds:

> While we are assured that a clarifying ruling will be issued in the near future, we cannot be certain that this will be accomplished before Jan. 1, 1942. Under the circumstances, member firms may wish to communicate with their customers with respect to the implications of I. T. 3484 as it presently stands. We are advised in this connection that the mere fact that the funds used to pay said interest are obtained or withdrawn from the carrying broker will not preclude the taking of a deduction for interest paid by a taxpayer filing a return on a cash basis.

Defense Bond Sales Up In New York Area

The Savings Banks Association of the State of New York announced Dec. 15 that sales of Defense Savings Bonds and Stamps by the twelve largest savings banks in the New York metropolitan area totaled $3,594,000 in the first week of the war. This is an increase of 485% over the pre-war weekly average sales of $740,000 by these banks.

Spruille Braden Named Ambassador To Cuba

Spruille Braden of New York, now Ambassador to Colombia, was nominated by President Roosevelt on Dec. 17 to be Ambassador to Cuba. Mr. Braden will succeed George S. Messersmith, who recently was appointed Ambassador to Mexico (see issue of Dec. 4, page 1345). Mr. Braden has served in the Colombian post since April 1938 and just prior to that time was chairman of the American delegation to the Chaco peace conference at Buenos Aires.

Rationing Of Rubber To Start On January 4

A rationing plan for rubber tires and other rubber products, designed to reduce the civilian consumption of crude rubber by nearly 80%, will go into effect on Jan. 4, Leon Henderson, Director of the Civilian Supply Division of the Office of Production Management, announced on Dec. 17. In the meantime, the present ban on sales of new tires, which was brought under way on Dec. 11 and was originally scheduled to expire on Dec. 22, will be continued until Jan. 5.

The rationing plan, growing out of the war situation in the Pacific area on which the United States depends heavily for rubber, is the first to be instituted. Administration of the plan will be handled by State and local boards, which will serve as clearing agencies for information passing between the Federal Government and local boards.

Mr. Henderson explained that the expanding needs of the military forces and the uncertainty of future imports make it imperative that civilian consumption of crude rubber be cut to 10,000 tons a month, as compared with a recent monthly rate of 47,000 tons. He pointed out that approximately 50% of crude rubber comes from lands already occupied or being invaded by the Japanese, and that another 43% comes from the adjacent islands of Sumatra, Java and Borneo.

Mr. Henderson also stated that about 75% of the crude rubber consumed in the United States normally goes for tires and that most of the balance is used in essential mechanical goods and other necessary products. He added, however, that manufacture of such products as golf and tennis balls, bathing apparel, toyballoons and similar non-essential goods can be eliminated entirely.

The local boards will limit sales of new tires to individuals and agencies requiring them for the maintenance of industrial efficiency and civilian health.

The rationing plan according to Washington advices to the "Wall Street Journal," also involves these major features:

1. Almost complete elimination of production of new passenger car tires and curtailment of production of new truck tires for the time being.
2. A monthly quota of tires which can be sold in the United States and its possessions to be determined on the basis of the amount of crude rubber that can be used in production of new tires.
3. A breakdown of monthly quotas into State and county quotas, primarily on the basis of commercial vehicle registrations in each area.
4. Purchasers of new tires will be required to show the local rationing boards that they fall within the eligible groups and that it is essential for them to get tires for the safe operation of their vehicles.
5. Certificates will be given purchasers who pass these requirements, permitting them to buy tires.

FFMC Calls Two Bond Issues For Redemption

The call for redemption of two issues of outstanding Federal Farm Mortgage Corporation bonds was announced on Dec. 15 by A. G. Black, Chairman of the Corporation. One of these is a 3% issue dated Jan. 15, 1935, due Jan. 15, 1947, and redeemable on and after Jan. 15, 1942. Bonds of this issue will cease to bear interest on Jan. 15, 1942. The other is a 2¾% issue dated March 1, 1935, due March 1, 1947, and redeemable on and after March 1, 1942. Bonds of this issue will cease to bear interest on March 1, 1942. Approximately $236,000,000 and $103,000,000, respectively, of bonds of these two issues are now outstanding, says the announcement.

It was also announced that the Secretary of the Treasury may make available to holders of bonds of the above described issues interest bearing obligations of the United States, concerning which an announcement will be made shortly after Jan. 1, 1942. The text of the public notice of call follows:

> Notice of Call for Redemption
> Federal Farm Mortgage
> Corporation
> To Holders of 3% and 2¾%
> Federal Farm Mortgage
> Corporation Bonds of 1942-47, and Others Concerned:
>
> Public notice is hereby given that the Federal Farm Mortgage Corporation has called for redemption on Jan. 15, 1942, all its outstanding 3% bonds of 1942-47. They will cease to bear interest on that date. Unless previously surrendered these bonds will be payable at par upon presentation at any Federal Reserve bank or branch, or at the Treasury Department, Washington, D. C., on and after Jan. 15, 1942.
>
> Public notice is also hereby given that the Federal Farm Mortgage Corporation has called for redemption on March 1, 1942, all its outstanding 2¾% bonds of 1942-47. They will cease to bear interest on that date. Unless previously surrendered these bonds will be payable at par upon presentation at any Federal Reserve bank or branch, or at the Treasury Department, Washington, D. C., on and after March 1, 1942.
>
> The presentation and surrender of bonds of these two issues will be governed by the provisions of Treasury Department Circular No. 666, dated July 21, 1941.
>
> An offering of interest bearing obligations of the United States may be made available to holders of bonds of these two issues, concerning which public announcement will be made by the Secretary of the Treasury shortly after Jan. 1, 1942.
>
> Dec. 15, 1941.
>
> FEDERAL FARM
> MORTGAGE CORPORATION
> By A. G. Black,
> President
>
> Attest:
> D. C. Carnes,
> Secretary
> Approved:
> Secretary of the
> Treasury

Favor Cotton Quotas

Unofficial and incomplete returns from the Dec. 13 nation-wide cotton marketing quota referendum indicate that 743,844 cotton producers, or 93.9% of those voting, favored the continuance of quotas for 1942, while 48,613 producers, of 6.1, voted against quotas, the Department of Agriculture said on Dec. 15. The tabulation so far is 792,457 votes. Last year, 918,857 votes were cast. The Department's advices Dec. 15 likewise said:

> The referendum was held in the 19 cotton-producing States, under provisions of the Agricultural Adjustment Act, which provides that when supplies of cotton are more than 7% above normal, as defined in the law, a marketing quota must be proclaimed by the Secretary of Agriculture. Quotas become effective, however, only if approved by two-thirds of the producers voting in the referendum. All farmers who produced cotton in 1941, whether they are owners, tenants or sharecroppers, were eligible to vote.
>
> Cotton marketing quotas have been in effect for the past four years. Last year, complete returns showed that 92.3% of those voting favored quotas for the 1941 crop.

Russia Paying U. S. On Money Advanced

Secretary of the Treasury Morgenthau revealed on Dec. 15 that the Soviet Government recently paid off another installment of the $30,000,000 advanced to it on Oct. 10 from the Stabilization Fund against future gold deliveries. It is understood that Soviet repayments already amount to about $20,000,000, even though the agreement was scheduled to run for 180 days. A previous $10,000,000 advanced in August against future gold deliveries was repaid in 65 days of the 90 allowed; this was reported in our issue of Oct. 30, page 831.

Wholesale Prices Advance 1% Further In Week Ended Dec. 20, Reports Labor Bureau

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Dec. 24 that, led by further sharp advances in wholesale market prices of farm products and processed foods, its index of nearly 900 price series rose another 1% during the week ended Dec. 20. At 94.0% of the 1926 average, the index is now at the highest level since the latter part of 1929. It is 2% above the corresponding week of last month and nearly 18% higher than last year at this time.

The Bureau's announcement further stated:

> The largest advance during the week was 3.4% for farm products followed by 1.3% for foods and smaller rises for hides and leather products, textile products, and chemicals and allied products. Average prices for building materials declined 0.3% and fuel and lighting materials, metals and metal products, housefurnishing goods, and miscellaneous commodities remained unchanged at levels of the preceding week.
>
> Primarily responsible for the continued rise in farm product prices was an 8.4% increase in quotations for livestock and poultry. In addition grains advanced 2.5% and other farm products, including cotton, fruits, flaxseed, potatoes and wool, rose 0.7%. Quotations were lower for dried beans, onions, sweet potatoes and hops and for eggs. Following the lead of livestock and poultry prices, the general level for meats was up more than 3%. Cereal products averaged 2.5% higher and dairy products were slightly down with lower prices reported for butter. As a result of price ceilings for fats and oils announced by the Office of Price Administration, average prices for lard, oleo oil and tallow were below levels of the preceding week. Quotations were also lower for black pepper, cocoa beans, and for rye flour, hominy grits and corn meal.
>
> Higher quotations for boys' pants, sateen and hard fiber cordage resulted in a slight increase for textile products. Minor advances for certain series of men's shoes and leather harness were reported.
>
> Average wholesale prices for building materials declined, with lower prices reported for certain types of lumber, particularly yellow pine and maple flooring. Quotations for turpentine and for prepared roofing were below those of the preceding week. There were fractional advances in average prices for common brick, rosin and Douglas fur timbers and window frames. Wholesale prices for cattle feed declined, and paper and pulp advanced. No material price changes were reported for metals and metal products and fuel and lighting materials.
>
> The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Nov. 22, 1941 and Dec. 21, 1940 and the percentage changes from a week ago, a month ago, and a year ago (2) perecentage changes in subgroup indexes from Dec. 13 to Dec. 20, 1941.

(1926 = 100)

						Percentage changes to Dec. 20, 1941 from—		
Commodity Groups	12-20 1941	12-13 1941	12-6 1941	11-22 1941	12-21 1940	12-13 1941	11-22 1941	12-21 1940
All Commodities	94.0	93.1	92.2	92.2	79.7	+1.0	+2.0	+17.9
Farm products	96.0	92.8	90.8	90.3	69.1	+3.4	+6.3	+38.9
Foods	91.6	90.4	88.7	89.5	73.4	+1.3	+2.3	+24.8
Hides and leather products	115.5	115.4	115.4	114.9	102.7	+0.1	+0.5	+12.5
Textile products	91.4	91.0	90.7	90.4	74.2	+0.4	+1.1	+23.2
Fuel and lighting materials	79.0	79.0	79.2	79.4	72.6	0.0	—0.5	+ 8.8
Metals and metal products	103.4	103.4	103.3	103.4	97.6	0.0	0.0	+ 5.9
Building materials	107.5	107.8	107.4	107.4	99.2	—0.3	+0.1	+ 8.4
Chemicals and allied products	91.7	91.5	89.7	89.5	77.7	+0.2	+2.5	+18.0
Housefurnishing goods	102.3	102.3	101.9	101.7	90.2	0.0	+0.6	+13.4
Miscellaneous commodities	87.5	87.5	87.2	87.1	77.1	0.0	+0.5	+13.5
Raw materials	93.3	91.4	90.0	89.7	72.9	+2.1	+4.0	+28.0
Semi-manufactured articles	90.0	90.1	89.7	89.5	80.7	—0.1	+0.6	+11.5
Manufactured products	95.1	94.6	93.9	94.0	83.1	+0.5	+1.2	+14.4
All commodities other than farm products	93.5	93.2	92.6	92.6	82.0	+0.3	+1.0	+14.0
All commodities other than farm products and foods	93.9	93.8	93.7	93.6	84.4	+0.1	+0.3	+11.3

Percentage Changes in Subgroup Indexes from Dec. 13 to Dec. 20, 1941

Increases

Livestock and poultry	8.4	Cotton goods	0.6
Meats	3.2	Other leather products	0.5
Grains	2.5	Fertilizer materials	0.4
Cereal products	2.5	Paper and pulp	0.3
Fruits and vegetables	1.3	Other textile products	0.2
Oils and fats	0.8	Chemicals	0.2
Other farm products	0.7	Shoes	0.1
Clothing	0.7	Lumber	0.1

Decreases

Cattle feed	2.0	Other building materials	0.9
Dairy products	0.2		

Trading On New York Exchanges

The Securities and Exchange Commission made public on Dec. 29 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Dec. 13, 1941, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Dec. 13 (in round-lot transactions) totaled 1,673,020 shares, which amount was 15.32% of total transactions on the Exchange of 10,701,960 shares. This compares with member trading during the previous week ended Dec. 6 of 776,244 shares or 13.65% of total trading of 6,285,080 shares. On the New York Curb Exchange, member trading during the week ended Dec. 13 amounted to 339,900 shares, or 15.40% of the total volume on that Exchange of 1,786,230 shares; during the preceding week trading for the account of Curb members of 138,665 shares was 12.00% of total trading of 1,241,810 shares.

The Commission made available the following data for the week ended Dec. 13:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,056	761
1. Reports showing transactions as specialists	191	101
2. Reports showing other transactions initiated on the floor	237	44
3. Reports showing other transactions initiated off the floor	289	122
4. Reports showing no transactions	479	508

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

Week Ended Dec. 13, 1941

	Total For Week	Per Cent *a*
A. Total Round-Lot Sales		
Short sales	243,800	
Other sales **b**	10,458,160	
Total sales	10,701,960	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	985,870	
Short sales	147,490	
Other sales **b**	871,930	
Total sales	1,019,420	9.37
2. Other transactions initiated on the floor		
Total purchases	352,380	
Short sales	39,000	
Other sales **b**	348,850	
Total sales	387,850	3.46
3. Other transactions initiated off the floor		
Total purchases	226,355	
Short sales	12,800	
Other sales **b**	252,950	
Total sales	265,750	2.49
4. Total		
Total purchases	1,604,605	
Short sales	199,290	
Other sales **b**	1,473,730	
Total sales	1,673,020	15.32

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

Week Ended Dec. 13, 1941

	Total For Week	Per Cent *a*
A. Total Round-Lot Sales		
Short sales	13,590	
Other sales **b**	1,772,640	
Total sales	1,786,230	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	139,690	
Short sales	12,645	
Other sales **b**	250,945	
Total sales	263,590	11.29
2. Other transactions initiated on the floor		
Total purchases	25,080	
Short sales	300	
Other sales **b**	26,385	
Total sales	26,685	1.45
3. Other transactions initiated off the floor		
Total purchases	45,435	
Short sales	245	
Other sales **b**	49,380	
Total sales	49,625	2.66
4. Total		
Total purchases	210,205	
Short sales	13,190	
Other sales **b**	326,710	
Total sales	339,900	15.40
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	0	
Customers' other sales **c**	52,578	
Total purchases	52,578	
Total sales	119,128	

* The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

President In Executive Order Creates An Office Of Defense Transportation

In an executive order issued Dec. 23 President Roosevelt established an Office of Defense Transportation in order "to assure maximum utilization of the domestic transportation facilities of the nation for the successful prosecution of the war" and named Joseph B. Eastman, Chairman of the Interstate Commerce Commission, as Director. The new organization, which will be a part of the Executive Office of the President, will create four divisions covering railway, motor, inland waterway and coastwise and intercoastal transport. Under the term "domestic transportation," the Office of Defense Transportation will have jurisdiction over railroad, motor, inland waterway, pipe line, air transport, and coastwise and intercoastal shipping.

According to the executive order the Office shall, among other things:

(1) Coordinate the transportation policies and activities of the several Federal agencies and private transportation groups in effecting such adjustments in the domestic transportation systems of the nation as the successful prosecution of the war may require.

(2) Compile and analyze estimates of the requirements to be imposed upon existing domestic transport facilities by the needs of the war effort; determine the adequacy of such facilities to accommodate the increased traffic volume occasioned by the war effort; develop measures designed to secure maximum use of existing domestic transportation facilities; and stimulate the provision of necessary additional transport facilities and equipment in order to achieve the level of domestic transportation services required; and in this connection advise the Supply Priorities and Allocation Board as to the estimated requirements and recommend allocations of materials and equipment necessary for the provision of adequate domestic transportation service.

(3) Coordinate and direct domestic traffic movements with the objective of preventing possible points of traffic congestion and assuring the orderly and expeditious movement of men, materials and supplies to points of need.

(4) In cooperation with the United States Maritime Commission and other appropriate agencies, coordinate domestic traffic movements with ocean shipping in order to avoid terminal congestion at port areas and to maintain a maximum flow of traffic

(5) Survey and ascertain present and anticipated storage and warehousing requirements at points of transfer and in terminal areas.

(6) Represent the defense interest of the Government in negotiating rates with domestic transportation carriers.

(7) Advise on proposed or existing emergency legislation affecting domestic transportation.

In the exercise of its power regarding transportation priorities and preferences the President's order stipulates that the ODT shall be governed as to relative importance of deliveries required for defense by instructions, certifications and directives issued by the Office of Production Management. The new office is directed to collaborate with existing departments and agencies which perform transportation functions and to particularly maintain liaison with the Interstate Commerce Commission, the Maritime Commission and the War and Navy Departments.

The President's order further stated that "to facilitate unity of policy and action and the use of existing government services" a responsible representative should be designated by the following departments and agencies to maintain formal liaison with the ODT: the War, Navy, Treasury, Interior, Agricultural, Commerce and Labor Departments, the Maritime Commission, the ICC, the Civil Aeronautics Board, the Federal Works Agency, the Federal Loan Agency, the OPM, the Office of Price Administration, the Economic Defense Board, the Board of Investigation and Research appointed under the Transportation Act of 1940.

North American Prices Rise—Elsewhere Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in world production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Dec. 29 as follows:

(August, 1939=100)

	Argentina	*Australia*	*Canada*	*England*	*Java*	*Mexico*	*New Zeal'd*	*Sweden*	*Switzerland*	*United States*
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	r142	157	138	127	123	156	196	138
September	r140	122	145	r157	138	r130	r123	156	203	143
October	140	123	143	r158	139	132	126	156	207	r140
November	141	124	143	158	141	133	124	157	209	141
1941—										
Weeks end.:										
Nov. 1	r140	124	142	158	140	r133	126	157	208	140
Nov. 8	140	124	142	158	140	r133	125	157	209	r139
Nov. 15	r139	124	142	r158	141	133	124	157	209	r141
Nov. 22	142	124	143	157	141	133	124	157	209	141
Nov. 29	142	123	143	*158	*141	132	124	157	209	r141
Dec. 6	141	122	143	*158	*141	137	124	157	209	142
Dec. 13	r142	122	143	*159	---	139	123	157	*209	144
Dec. 20	*142	*122	*146	*159	---	*140	123	*157	---	147

* Preliminary. r Revised

November Building Permit Valuations Are 23 Per Cent Below Same Period Of 1940

For the second consecutive month building permit valuations were lower than during the corresponding month of 1940, Secretary of Labor Frances Perkins reported on Dec. 27. "Total building permit valuations in November were 23% lower than during November, 1940," she said. "This was brought about by a decline of 6% in indicated expenditures for new residential buildings and a decrease of 45% in permit valuations for new non-residential buildings. Indicated expenditures for additions, alterations, and repairs showed a gain of 1% over the year period," Miss Perkins stated, adding:

> As compared with October, 1941, all types of construction showed a decline, a decrease for total building construction amounting to 24%. Permit valuations for new residential buildings decreased 18%, for new non-residential buildings, 26%, and for additions, alterations, and repairs, 36%.
>
> During the first 11 months of 1941, permits were issued in reporting cities for buildings valued at $2,524,215,000, an increase of 10% as compared with the corresponding period of 1940. Permit valuations for new residential buildings during the first 11 months of the current year amounted to $1,372,162,000, a gain of 16% as compared with the like period of the preceding year. Over the same period permit valuations for new non-residential buildings increased approximately 1%, while additions, alterations, and repairs registered a gain of 8%.

The announcement of the Labor Bureau further said:

> The Bureau's tabulations include contracts awarded by Federal and State Governments in addition to private and municipal construction. For November, 1941, Federal and State construction in the 2,142 reporting cities totaled $36,180,000; for October, 1941, $35,628,000, and for November, 1940, $76,346,000.
>
> Changes in permit valuations in the 2,142 reporting cities between November, 1941, November, 1940, and October, 1941, are summarized below:

Class of Construction—	Change from Nov., 1940, to Nov., 1941 All Cities	Excluding N. Y. City
New residential	—5.6%	+5.8%
New non-residential	—44.8%	—41.5%
Additions, alterations, and repairs	+1.1%	+3.3%
All construction	—22.9%	—16.9%

Class of Construction—	Change from Oct., 1941, to Nov., 1941 All Cities	Excluding N. Y. City
New residential	—18.4%	—15.7%
New non-residential	—26.4%	—19.3%
Additions, alterations, and repairs	—36.1%	—36.0%
All construction	—24.0%	—20.1%

> Comparisons in permit valuations in cities reporting for the first 11 months of 1940 and 1941 are shown in the following table:

Class of Construction—	Change from First 11 Months of 1940 to First 10 Months of 1941 All Cities	Excluding N. Y. City
New residential	+16.0%	+21.3%
New non-residential	+0.6%	+0.3%
Additions, alterations, and repairs	+7.8%	+9.7%
All construction	+9.5%	+12.3%

> New housekeeping dwellings for which permits were issued in the 2,142 reporting cities in November, 1941, will provide 24,932 dwelling units, which is 14% fewer than the 28,914 dwelling units reported in October and 6% less than the number provided in November, 1940. Dwelling units in publicly financed housing projects included in these totals numbered 3,406 in November, 1941, 3,337 in October, 1941, and 5,848 in November, 1940.
>
> Principal centers of various types of building construction for which permits were issued or contracts were awarded in November, 1941, were: Bristol, Conn., a factory to cost $750,000; Lynn, Mass., an addition to a gas and electric plant to cost $500,000; New York City—Borough of Queens, 1-family dwellings to cost $521,500, 2-family dwellings to cost $403,000 and multifamily dwellings to cost 1,090,000; Philadelphia, Pa., 1-family dwellings to cost $1,163,000, and public buildings to cost $442,500; Chicago, Ill., 1-family dwellings to cost $1,393,000 and stores and warehouses to cost $1,090,000; Indianapolis, Ind., 1-family dwellings to cost $449,000; Detroit, Mich., 1-family dwellings to cost $1,534,000; Akron, Ohio, factories to cost $408,000; Cleveland, Ohio 1-family dwellings to cost $746,500; Columbus, Ohio, 1-family dwellings to cost $1,006,000; Washington, D. C., 1-family dwellings to cost $731,000, multifamily dwellings to cost $404,500 and a public building to cost $466,000; Miami, Fla., 1-family dwellings to cost $435,000; Atlanta, Ga., an institution to cost $500,000; Baltimore, Md., stores to cost $462,500; Arlington County, Va., 1-family dwellings to cost $588,000 and multifamily dwellings to cost $1,776,000; Norfolk, Va., barracks to cost $784,000; Memphis, Tenn., a factory to cost $806,000; Houston, Tex., 1-family dwellings to cost $988,000; Denver, Colo., 1-family dwellings to cost $447,000; Burbank, Calif., factories to cost $477,000; Sacramento, Calif., 1-family dwellings to cost $446,000; Santa Monica, Calif., stores to cost $462,000; Long Beach, Calif., 1-family dwellings to cost $599,000; Los Angeles, Calif., 1-family dwellings to cost $2,566,000 and multifamily dwellings to cost $1,969,000; San Diego, Calif., 1-family dwellings to cost $704,000; San Francisco, Calif., 1-family dwellings to cost $1,027,000 and multifamily dwellings to cost $7,876,000; and Seattle, Wash., 1-family dwellings to cost $770,000.
>
> Contracts were awarded during November for the following publicly financed housing projects containing the indicated number of dwelling units: East Paterson, N. J., $363,000 for 100 units; Chester, Pa., $1,275,500 for 300 units; Chicago, Ill., $2,478,000 for 586 units; Rockford, Ill., $733,000 for 200 units; Connersville, Ind., $1,127,000 for 300 units; Toledo, Ohio, $730,000 for 195 units; Daytona Beach, Fla., $186,500 for 66 units; Lakeland, Fla., $169,500 for 60 units; Alexandria, Va., $58,000 for 15 units; Meridian, Miss., $402,000 for 100 units; Long Beach, Calif., $1,414,000 for 600 units; Los Angeles, Calif., $521,000 for 184 units; and Seattle, Wash., $2,535,000 for 700 units.

SUMMARY OF BUILDING CONSTRUCTION FOR WHICH PERMITS WERE ISSUED IN 2,142 CITIES, BY GEOGRAPHIC DIVISION, NOVEMBER, 1941

Geographic Division	No. of Cities Reporting	New Residential Buildings Permit Valuation Nov., 1941	% Change from Oct., 1941	Nov., 1940	No. of New Dwelling Units Nov., 1941	% Change from Oct., 1941	Nov. 1940
All divisions	2,142	$91,172,050	—18.4	—5.6	24,932	—13.8	—5.9
New England	135	4,097,490	—35.8	—44.6	947	—32.3	—46.9
Middle Atlantic	544	13,135,476	—30.9	—39.3	3,056	—28.3	—47.3
East North Central	468	22,001,578	—11.7	+14.9	4,817	—7.1	+22.6
West North Central	213	3,892,329	—46.4	—7.7	1,046	—45.4	—4.1
South Atlantic	244	10,340,725	—42.6	—21.8	3,117	—39.4	—21.8
East South Central	81	1,852,928	—20.6	+11.7	761	—28.5	+.4
West South Central	132	5,479,767	—35.4	—20.1	1,912	—32.0	—17.2
Mountain	104	2,234,844	—27.0	+3.0	699	—27.1	—3.3
Pacific	221	28,136,913	+26.6	+38.7	8,577	+39.0	+40.1

Geographic Division	New Non-Residential Bldgs. Permit Valuation Nov., 1941	% Change from Oct., 1941	Nov., 1940	Total Building Construction (Includ. Alterations & Repairs) Permit Valuation Nov., 1941	% Change from Oct., 1941	Nov., 1940	Population (Census of 1940)
All divisions	$55,563,771	—26.4	—44.8	$169,718,280	—24.0	—22.9	64,374,720
New England	7,264,960	—18.8	+125.9	13,648,197	—25.7	+8.4	5,533,974
Middle Atlantic	4,322,038	—76.1	—90.0	23,745,494	—48.6	—68.6	19,400,160
East North Central	18,085,409	+64.7	+71.8	44,878,760	+1.2	+29.1	15,331,773
West North Central	1,814,739	—45.4	—3.3	6,659,766	—47.7	—6.7	4,886,273
South Atlantic	5,197,854	—38.0	—13.0	18,020,524	—40.8	—17.9	5,835,248
East South Central	1,580,036	—20.6	+54.0	4,158,165	—21.5	+31.6	2,190,114
West South Central	1,795,865	—66.1	—77.9	8,649,547	—43.9	—46.6	3,722,572
Mountain	1,132,429	+12.3	+6.8	3,989,604	—17.8	+5.7	1,414,821
Pacific	14,370,441	—18.0	—32.3	45,768,223	+1.4	+2.8	6,059,785

Changes In National Bank Notes

The following shows the amount of National bank notes afloat (all of which are secured by legal tender deposits) at the beginning of November and December, and the amount of the decrease in notes afloat during the month of November for the years 1941 and 1940:

National Bank Notes—All Legal Tender Notes—	1941	1940
Amount afloat Nov. 1	$147,638,735	$161,523,622
Net decrease during November	1,141,585	1,228,390
Amount of bank notes afloat Dec. 1	$146,497,150	$160,295,232

Note—$2,182,009.50 Federal Reserve *bank* notes outstanding Dec. 1, 1941, secured by lawful money, against $2,203,796.50 on Dec. 1, 1940.

November Life Insurance Sales Up

The sales of ordinary life insurance in the United States in November amounted to $581,692,000 or 15% above the volume sold in November, 1940, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales for the first eleven months of 1941 is reported at $6,439,557,000, which is about 7% above the same period last year.

The sales volume and the ratios for all sections are reported by the Bureau as follows:

	—November, 1941— Sales Volume in $1,000	Ratios '40-'41 All Cos.	—Year to Date— Sales Volume in $1,000	Ratios '40-'41 All Cos.
U. S. total	$581,692	115%	$6,439,557	107%
New England	46,258	119%	515,240	112%
Middle Atlantic	158,819	113%	1,728,488	105%
East North Central	135,360	116%	1,480,898	108%
West North Central	52,792	111%	598,974	103%
South Atlantic	57,874	112%	648,492	107%
East South Central	23,383	117%	262,827	112%
West South Central	40,553	110%	472,259	106%
Mountain	13,910	105%	162,735	102%
Pacific	52,743	121%	569,644	114%

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Dec. 29 a summary for the week ended Dec. 20, 1941, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Dec. 20, 1941—	Total for week
Odd-lot Sales by Dealers:	
(Customers' Purchases)	
Number of orders	29,886
Number of shares	814,019
Dollar value	27,478,966
Odd-lot Purchases by Dealers—	
(Customers' Sales)	
Number of Orders:	
Customers' short sales	461
Customers' other sales *a*	32,547
Customers' total sales	33,008
Number of Shares:	
Customers' short sales	12,985
Customers' other sales *a*	914,598
Customers' total sales	927,583
Dollar value	24,181,795
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	50
Other sales *b*	280,480
Total sales	280,530
Round-lot Purchases by Dealers—	
Number of shares	178,680

a Sales marked "short exempt" are reported with "other sales." *b* Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Note—This report and preceding reports do not include transactions in stocks effected on a "when issued" basis.

Alien Property Division For Seized Assets

Attorney General Francis Biddle has established an Alien Property Division in the Department of Justice to administer the seizure of assets of Axis nationals. The new division will be headed by Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, whose duties will be similar to those of the Alien Property Custodian in the first World War. This latter office was abolished in 1934, since most of the enemy property seized in 1917-18 had been disposed of by that time.

The Government prepared to seize a billion dollars of enemy alien assets as collateral for any American claims against the hostile governments, and a special force of Federal agents was ready to impound the enemy-owned property, according to Associated Press accounts. These advices further said:

> Title to the property to be taken over is vested in enemy aliens living outside the United States, and Axis nationals who are in custody.
>
> Officials emphasized that the Government does not intend to disturb the property of law-abiding aliens. For that reason, Germans, Italians and Japanese need not worry about their homes and their bank accounts unless they are in the small minority which has been arrested by the Federal Bureau of Investigation.

New Directors For N. Y. Reserve Bank Branch

The Board of Directors of the Federal Reserve Bank of New York has appointed Robert R. Dew a Director of the Buffalo Branch of the bank for a term of three years, beginning Jan. 1, 1942. Mr. Dew succeeds Frank F. Henry, Director, General Mills, Inc., Buffalo, N. Y., whose term as Director of the Buffalo Branch expires Dec. 31, 1941. Mr. Dew is President of Dunkirk Trust Co., Dunkirk, N. Y.

Weekly Coal And Coke Production

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report stated that there was little change in production of soft coal in the week ended Dec. 20. The total output is estimated at 10,750,000 net tons, as against 10,900,000 tons in the preceding week.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Dec. 20 was estimated at 1,051,000 tons, an increase of 219,000 (about 26%) over the preceding week. Output in the corresponding week of 1940 was 1,187,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL (IN THOUSANDS OF NET TONS), WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			Calendar year to date		
	Dec. 20, 1941	Dec. 13, *d*1941	Dec. 14, 1940	*e*1941	1940	1929
*a*Bituminous coal:						
Total, including mine fuel	10,750	10,900	9,934	491,557	441,528	524,775
Daily average	1,792	1,817	1,656	1,653	1,474	1,741
*b*Crude petroleum:						
Coal equivalent of weekly output	6,910	6,583	5,800	312,787	300,173	224,507

a Includes for purposes of historical comparison and statistical convenience the production of lignite. *b* Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal ("Minerals Yearbook," 1939, page 702). *c* Sum of 51 full weeks ended Dec. 20, 1941, and corresponding 51 weeks in 1940 and 1929. *d* Revised. *e* Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week Ended			Calendar year to date		
Penn. Anthracite—	Dec. 20, 1941	Dec. 13, 1941	Dec. 21, 1940	1941	*a*1940	*a*1929
b Total, including colliery fuel	1,051,000	832,000	1,187,000	52,891,000	49,645,000	71,750,000
*c*Comm'l production	998,000	790,000	1,128,000	50,251,000	47,163,000	66,584,000
Beehive Coke—						
U. S. total	149,100	133,900	98,700	6,133,600	2,874,800	6,352,000
Daily average	24,850	22,317	16,450	20,243	9,488	20,964

a Adjusted to comparable periods in the three years. *b* Includes washery and dredge coal, and coal shipped by truck from authorized operations. *c* Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Dec. average
State—	Dec. 13 1941	Dec. 6, 1941	Dec. 14, 1940	Dec. 16, 1939	Dec. 14, 1929	*e*1923
Alaska	3	3	4	3	(*f*)	(*f*)
Alabama	370	366	332	324	436	349
Arkansas and Oklahoma	83	75	82	42	146	83
Colorado	170	163	178	131	249	253
Georgia and North Carolina	1	1	1	1	(*f*)	(*f*)
Illinois	1,239	1,115	1,271	1,102	1,570	1,535
Indiana	506	500	480	402	468	514
Iowa	57	63	75	64	112	121
Kansas and Missouri	165	171	164	149	181	159
Kentucky—Eastern	775	806	749	674	988	584
Western	259	237	191	179	342	204
Maryland	37	40	35	40	64	37
Michigan	7	6	9	13	20	21
Montana	91	90	76	65	80	64
New Mexico	28	25	26	26	53	56
North and South Dakota	74	63	70	53	*f*63	*f*27
Ohio	604	613	466	448	570	599
Pennsylvania bituminous	2,757	2,630	2,453	2,348	2,837	2,818
Tennessee	136	137	128	114	128	103
Texas	8	9	10	16	46	21
Utah	93	93	100	73	128	100
Virginia	368	396	304	269	288	193
Washington	38	36	41	36	61	57
West Virginia—*a*Southern	2,078	2,254	1,821	1,663	2,124	1,132
*b*Northern	799	836	662	636	706	692
Wyoming	154	150	149	107	140	173
*c*Other Western States	*	2	1	1	*f*5	*f*5
Total bituminous coal	10,900	10,880	9,878	8,979	11,805	9,900
*d*Pennsylvania anthracite	832	775	1,259	1,114	1,920	1,806
Total, all coal	11,732	11,655	11,137	10,093	13,725	11,706

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanakha, Mason, and Clay Counties. *b* Rest of State, including the Panhandle District and Grant, Mineral, and Tucker Counties. *c* Includes Arizona, California, Idaho, Nevada, and Oregon. *d* Data for Pennsylvania anthracite from published records of the Bureau of Mines. *e* Average weekly rate for entire month. *f* Alaska, Georgia, North Carolina, and South Dakota included with "other Western States."
* Less than 1,000 tons.

The London Stock Exchange

Quotations of representative stocks as received by cable each day of the past week:

	Saturday Dec. 20	Monday Dec. 22	Tuesday Dec. 23	Wednesday Dec. 24	Thursday Dec. 25	Friday Dec. 26
Boots Pure Drugs	Closed	36/3	36/3	36/3	Holiday	36/3
British Amer. Tobacco		85/6	87/6	88/9		87/6
*Cable & W. ord.		£65¾	£65½	£65½		£65½
Central Min. & Invest.		£13⅜	£13¼	£13⅜		£13⅜
Cons. Goldfields of S. A.		41/3	41/3	41/3		41/3
Courtaulds (S.) & Co.		33/3	33/6	33/6		33/6
De Beers		£8¾	£8¾	£8¾		£8¾
Distillers Co.		†71/–	71/–	72/–		72/–
Electric & Musical Ind.		13/9	13/9	14/3		14/3
Ford Ltd.		24/3	24/3	24/3		24/3
Hudsons Bay Company		25/–	25/–	25/–		25/–
Imp. Tob. of G. B. & I.		126/3	128/–	128/9		128/9
*London Mid. Ry.		£17⅛	£17¼	£17½		£17½
Metal Box		75/6	75/6	75/6		75/6
Rand Mines		£7⅛	£7⅛	£7⅛		£7⅛
Rio Tinto		£7	£7	£7		£7
Rolls Royce		91/3	91/3	91/3		90/–
Shell Transport		49/3	51/3	51/3		51/3
United Molasses		29/3	29/3	29/9		29/9
Vickers		16/6	16/6	16/6		16/6
West Witwatersrand Areas		£4 7/16	£4 9/16	£4 9/16		£4 9/16

*Per £100 par value. †Ex-dividend.

English Financial Market--Per Cable

The daily closing quotations for securities, &c., at London, as reported by cable, have been as follows the past week:

	Saturday	Monday	Tuesday	Wednesday	Thursday	Friday
Silver, p. oz. d	Closed	23½d	23½d	23½d	Holiday	23½d
Gold, p. fine oz.	168s	168s	168s	168s		168s
Consols, 2½%	Closed	£81⅛	£81⅝	£81½		£82½
British 3½% W. L.	Closed	£104⅜	£104 9/16	£104⅞		£104⅞
British 4% 1960-90	Closed	£114¼	£114½	£114¾		£114¾

The price of silver per oz. (in cents) in the United States on the same day has been:

Bar N. Y. (Foreign)	35⅛	35⅛	35⅛	35⅛		35⅛
U. S. Treasury (newly mined)	71.11	71.11	71.11	71.11		71.11

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity*	
				Current	*Cumulative*
1940—*Month of—*					
January	528,155	579,739	167,240	72	71
February	420,639	453,518	137,631	70	71
March	429,334	449,221	129,466	69	70
April	520,907	456,942	193,411	70	70
May	682,490	624,184	247,644	76	72
June	508,005	509,781	236,693	79	73
July	544,221	587,339	196,037	72	73
August	452,613	487,127	162,653	74	73
September	468,870	470,228	163,769	72	73
October	670,473	648,611	184,002	79	73
November	488,990	509,945	161,985	77	73
December	464,537	479,099	151,729	71	73
1941—*Month of—*					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
November	640,188	649,021	554,417	98	--
1941—*Week Ended—*					
July 5	149,197	129,019	529,633	74	82
July 12	147,365	131,531	542,738	77	82
July 19	168,431	156,989	550,902	92	81
July 26	182,603	160,609	572,532	92	82
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574,991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170,597	165,420	568,264	99	86
Nov. 8	169,585	159,860	576,923	97	86
Nov. 15	156,394	165,397	570,430	99	87
Nov. 22	145,098	160,889	550,383	96	87
Nov. 29	169,111	164,875	554,417	101	87
Dec. 6	181,185	166,080	567,373	102	87
Dec. 13	149,021	163,226	553,389	101	88
Dec. 20	149,874	166,948	535,556	101	88

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

President Roosevelt Acts To Combine U. S. And Canadian War-Time Production

President Roosevelt, in a statement issued Dec. 22, announced his approval of the declaration of policy adopted by the Joint War Production Committee of Canada and the United States, calling for "a combined all-out war production effort and the removal of any barriers standing in the way of such a combined effort."

The Joint Production Committee, which was set up on Nov. 5 to coordinate the capacities of the two countries for the production of defense material (see issue of Nov. 20, page 1128), recommended that "all legal and administrative barriers" to all-out war production in both countries be removed for the duration of the war and that all necessary measures be taken for the integration and coordination of the productive resources of the North American Continent.

The President's statement follows:

> The Joint War Production Committee of Canada and the United States have unanimously adopted a declaration of policy calling for a combined all-out war production effort and the removal of any barriers standing in the way of a such a combined effort.
>
> This declaration has met the approval of the Canadian War Cabinet. It has my full approval.
>
> To further its implementation, I have asked the affected departments and agencies in our government to abide by its letter and spirit, so far as lies within their power.
>
> I have further requested Mr. Milo Perkins, the Chairman of the American committee, to investigate, with the aid of the Tariff Commission and other interested agencies, the extent to which legislative changes will be necessary to give full effect to the declaration.
>
> Through brute force and enslavement, Hitler has secured a measure of integration and coordination of the productive resources of a large part of the Continent of Europe.
>
> We must demonstrate that integration and coordination of the productive resources of the Continent of America is possible through democratic and free consent.

Appended to the White House announcement was the following statement of war-production policy for Canada and the United States as drafted by the Joint Committee:

> Having regard to the fact that Canada and the United States are engaged in a war with common enemies, the Joint War Production Committee of Canada and the United States recommends to the President of the United States and the Prime Minister of Canada the following statement of policy for the war production of the two countries:
>
> 1. Victory will require the maximum war production in both countries in the shortest possible time; speed and volume of war output, rather than monetary cost, are the primary objectives.
>
> 2. An all-out war production effort in both countries requires the maximum use of labor, raw materials and facilities in each country.
>
> 3. Achievement of maximum volume and speed of war output requires that the production and resources of both countries should be effectively integrated and directed towards a common program of requirements for the total war effort.
>
> 4. Each country should produce those articles in an integrated program of requirements which will result in maximum joint output of war goods in the minimum time.
>
> 5. Scarce raw materials and goods which one country requires from the other in order to carry out the joint program of war production should be so allocated between the two countries that such materials and goods will make the maximum contribution toward the output of the most necessary articles in the shortest period of time.
>
> 6. Legislative and administrative barriers, including tariffs, import duties, customs and other regulations or restrictions of any character which prohibit, prevent, delay or otherwise impede the free flow of necessary munitions and war supplies between the two countries should be suspended or otherwise eliminated for the duration of the war.
>
> 7. The two Governments should take all measures necessary for the fullest implementation of the foregoing principles.

Many Groups Pledge President Support

In Washington on Dec. 18 the Council of State Governments and Governors Conference called on all States and municipalities to support the war effort by postponing non-essential public works, maintaining present tax levels and planning for post-war reconstruction. The Governors were joined by labor and farm organizations in a pledge presented to President Roosevelt on Dec. 19, declaring their loyalty in the defense program, and in a statement of suggested policies the organizations urged that "during the defense period local and State governments avoid operations which may compete with national defense for labor, materials or equipment." In Associated Press advices from Washington Dec. 19 it was stated:

> The organizations said it was desirable to maintain current levels of Government revenue if constitutional or statutory provisions would adequately protect reserves for post-defense public works or permit the application of excess revenue to debt retirement. Local governments thinking of reducing taxes were warned first to consider the effect that "such a release of purchasing power will have upon prices."
>
> Holding taxes up and saving money, it was explained, would not only help check inflation but also provide the means of financing large public works and other activity after the war, when such spending will be needed to offset the sharp decline in Federal defense expenditures.
>
> At the same time, the State officials' group asked the Federal Government to reduce non-essential expenditures for "employment - creating activities undertaken during the depression and emergency activities that do not serve the defense program."
>
> In readjusting local government activity, however, States and municipalities were urged to keep those services "which are vital to the prosecution of defense itself, to the maintenance of civilian morale or to the preservation of the productive capacities of citizens."
>
> The Council of State Governments is an organization of State legislative and executive officials.

Steel Production Gains Despite Holiday Shutdowns—New Price Schedule On Scrap

Holiday shutdowns in steel producing and consuming plants with war orders meant little loss in production in the last seven days, a period which in normal years sees a substantial decline, states the "Iron Age" in its issue today (Jan. 1). This publication further goes on to say:

Steel output has advanced to 96.5% of capacity but the gain was only three points because of the unusually strong mill schedules prevailing Christmas week.

Operations in the Pittsburgh area are up nine points to 97%, equalling the pre-holiday level. Chicago is off 2 points to 101.5, while Youngstown is up seven points to 95%. Philadelphia is reported at 90% this week, Cleveland at 99, Buffalo at 92.5, Wheeling at 86, Birmingham at 95.5, Detroit at 106, South Ohio River at 108, Western at 97, St. Louis at 75 and Eastern at 107.

Among recent developments hopeful to the idle or near idle non-war metal plants is the OPM Contract Distribution Service Division plan for a broad scale conversion of 15 industries to war production. How the necessary metals for use in such industries can be diverted from the already well established war industry plants remain to be worked out but some observers still see a very large part of the so-called non-defense plants making war goods before the Nation's war program reaches victory levels.

Many metal plants are going into 1942 with great order backlogs which nearly all carry priority ratings, intended for direct or indirect war use.

In the distribution of steel supplies into channels expediting the production of war materials, industry expects necessity more than ever to be the mother of invention. Some steel companies making steel ingots and slabs may find some of this material ordered by OPM to be sent to other steel companies where it will be fabricated into plates and other highly rated material. The allocation of scrap will be made on the basis of how important it is to get out specific rush steel orders.

It is now clear that the substantial increase in construction activity for new air and other bases along the Pacific Coast coupled with repair needs in the Far East, will keep structural mills at an all-out production level for some time to come. All of this "heavy steel" activity means that the OPM will make allocations for munitions steel, heavy rails and all other material which is necessary to carry on under a war economy. Some non-defense consumers appear to be facing idleness for months to come and tonnage with lower priority ratings will frequently be interfered with by more urgent allocations. More than ever the steel and allied industries must demonstrate their adaptability to swift changes in demand which, this time, may involve the Nation's security at various points of attack.

How the many-phased priority and allocation system is operating continues, as 1942 begins, to be a question mark. Pig iron allocations for January are generally regarded as satisfactory, although there is a feeling that February allocations may be changed radically. Continued interference with steel operations resulting from shortages of scrap is believed by some observers to be paving the way for diversion of the output of merchant iron by steel producers to their own furnaces. Such a step may be taken if the scrap situation does not improve.

Another restrictive order involving tin plate production is expected to be promulgated soon. It is expected that control of tin plate production may be sought through the allocation of pig tin to steel companies making tin plate rather than through a control setup for tin plate production schedules. With less pig tin available, tin plate output will drop automatically.

Some steel producers believe that allocations of cold drawn steel will be withheld until after the beginning of the second quarter, permitting producers with large backlogs of high priority orders to clear their mills before their production is allocated.

Structural steel awards of 7,400 tons compare with 5,130 tons last week while new structural steel projects call for 19,500 tons against 19,910 tons a week ago. Outstanding awards for the week include 2,800 tons for an airplane repair plant, 1,316 tons for a seaplane hangar and 1,000 tons for a machine shop and foundry. Largest new structural steel projects are 7,000 to 8,000 tons for an aluminum rolling mill and 2,000 to 3,000 tons for an aluminum extrusion plant.

Reinforcing steel awards total 20,400 tons against 11,100 tons last week while new projects reached 3,750 tons compared with 2,225 tons a week ago.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Dec. 29, 1941, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Dec. 29, 1941, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	23.45

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 11
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Dec. 29, 1941, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	21.83

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Dec. 29 announced that telegraphic reports which it had received indicated that operating rate of steel companies having 91% of the steel capacity of the industry will be 96.1% of capacity for the week beginning Dec. 29 compared with 93.4% one week ago, 97.6% one month ago and 95.9% one year ago. This represents an increase of 2.7 points or 2.9%, from the preceding week. Weekly indicated rates of steel operations since Dec. 2, 1940, follow:

1940—		Feb 24	96.3%	Jun 16	99.0%	Sep 29	96.9%
Dec 2	96.9%	Mar 10	98.8%	Jun 23	99.9%	Oct 6	98.1%
Dec 9	96.0%	Mar 17	99.4%	Jun 30	91.8%	Oct 13	98.4%
Dec 16	96.8%	Mar 24	99.8%	Jly 7	94.9%	Oct 20	97.8%
Dec 23	80.8%	Mar 31	99.2%	Jly 14	95.2%	Oct 27	99.9%
Dec 30	95.9%	Apr 7	99.3%	Jly 21	96.0%	Nov 3	98.2%
1941—		Apr 14	98.3%	Jly 28	97.6%	Nov 10	96.6%
Jan 6	97.2%	Apr 21	96.0%	Aug 4	96.3%	Nov 17	97.0%
Jan 13	98.5%	Apr 28	94.3%	Aug 11	95.6%	Nov 24	95.9%
Jan 20	96.5%	May 5	96.8%	Aug 18	96.2%	Dec 1	97.6%
Jan 27	97.1%	May 12	99.2%	Aug 25	96.5%	Dec 8	97.5%
Feb 3	96.9%	May 19	99.9%	Sep 2	96.3%	Dec 15	97.9%
Feb 10	97.1%	May 26	98.6%	Sep 8	96.9%	Dec 22	93.4%
Feb 17	94.6%	Jun 2	99.2%	Sep 15	96.1%	Dec 29	96.1%
Mar 3	97.5%	Jun 9	98.6%	Sep 22	96.8%		

"Steel" of Cleveland, in its summary of the iron and steel markets, on Dec. 29 stated:

Every effort is being made by the steel industry to meet its obligations for war, production being held at as high a point as practicable and distribution being guided by considerations of the country's best interests.

That the production rate dipped only 4 points for the Christmas holiday, in contrast to about 15 points in 1940 and 1939, indicates the willingness of the companies and their employes to cooperate fully even at the sacrifice of sentiment attached to Christmas.

Cancellation of orders by consumers whose production has been curtailed continues and removes considerable tonnage from mill books. Pressure to buy by civilian consumers has all but disappeared, leaving the way clear for war production.

A further revision in ceiling prices on scrap has been issued by Office of Price Administration in an effort to bring out more material and correct some conditions brought about by the former schedules. The new plan segregates types and grades according to use and establishes maximum prices for each type of consumer. Geographical price differentials have been maintained. On all but cast iron scrap computation of shipping point price allows dealers to make use of "most favorable basing point" instead of nearest basing point. Cast iron scrap prices have been placed on a shipping point maximum, with three geographical groups covering the entire country. The cast scrap schedules are in the nature of an experiment and are expected to result in larger collections. Remote scrap provisions in former schedules are continued.

Consumption of iron ore in November was 6,501,027 gross tons, only slightly less than the record tonnage of October, 6,612,186 tons. Ore smelted in 11 months this year totaled 69,273,701 tons, compared with 56,253,276 tons in the comparable portion of 1940. Ore on hand at furnaces and Lake Erie docks Dec. 1 was 45,534,633 tons, compared with 41,711,704 tons at the same date last year. This reserve for winter was built up in spite of heavy consumption through the entire year. It is believed to be ample to keep maximum operations until the opening of navigation in 1942.

Automobile production dropped sharply last week, under influence of the holiday and OPM restrictions, 24,620 units being manufactured. This compared with 65,875 cars the preceding week and 82,545 in the comparable week last year. Output will be severely restricted in coming weeks as steel is diverted to other uses and orders from Washington limit the number manufacturers are allowed to assemble.

Christmas observance had much less effect on steel production than usual, the national rate declining only 4 points to 93½% of capacity. In general ingot production continued through the week, although some interruption was allowed, the more willingly because of small stocks of scrap and necessity for repair to furnaces. Chicago mills increased output 1 point to 104%, a new all-time high. One interest there made steel at more than 108% of rated capacity. Buffalo increased output 2½ points to 82½% and New England 1 point to 85%. In all other districts there was curtailment. Pittsburgh lost 6 points to 90%, Eastern Pennsylvania 4 points to 83%, Youngstown 9 points to 83%, Wheeling 1 point to 90, Cleveland 4 points to 90½, Birmingham 5 points to 90, Cincinnati 12½ points to 82½, St. Louis 19 points to 76 and Detroit 4 points to 86%.

New price schedule on scrap had no effect on the composite price of steelmaking grades, which remains unchanged at $19.17, the level which has prevailed since ceilings were imposed in April. Finished steel composite continues at $56.73, semifinished steel at $36, steelmaking pig iron at $23.05.

Fabricated structural bookings in 11 months this year totaled 2,146,457 net tons, compared with 1,545,020 tons in the same period last year, with shipments of 2,064,547 tons in the 11 months, compared with 1,360,017 tons last year.

Placing of a ceiling on warehouse prices has met with general approval and is expected to bring an end to irregular practices on the part of some sellers not identified with the main units of the industry. In some cases where prices were in effect by some warehouses lower than the general level permission is being sought to raise them to that point.

Efforts to obtain as much scrap as possible have resulted in some extreme procedures. A Detroit yard is being "mined" to obtain material forced into the ground by weight of heavy accumulations in years past, considerable being reclaimed in this way. Milwaukee streets have yielded 13,000 tons of abandoned street railway rails.

Beehive furnace coke ceiling of $6 is expected to be maintained and some contracts for first quarter have been booked at that level.

ABA Mid-Winter Trust Conference, Feb. 3-5

All possible aid to the Government and serving the best interests of beneficiaries under war conditions will be the dual theme of the 23rd Mid-Winter Trust Conference of the Trust Division, American Bankers Association, to be held in New York Feb. 3-5 at The Waldorf-Astoria, it is announced by R. G. Stockton, President of the Trust Division. Mr. Stockton is Vice-President and Senior Trust Officer of the Wachovia Bank and Trust Co., Winston-Salem, N. C. The conference, a three-day affair, will not have the usual banquet this time. Because of the war the Executive Committee of the ABA Trust Division decided to dispense with the social function which has always climaxed the conference and which would have been its 31st annual banquet.

Many well known speakers are scheduled to appear on the program. Features of the opening day include talks by Walter Armstrong, President of the American Bar Association, Memphis, Tenn.; H. W. Koeneke, President, American Bankers Association and President The Security Bank of Ponca City, Ponca City, Okla.; Judge Armistead M. Dobie, United States Circuit Judge for the Fourth District, Richmond, Va.; and Dr. Paul F. Cadman, Economist, American Bankers Association. A customer relations panel will be the closing feature of the first day's program. The morning session of the second day will be devoted to investments and will include talks by C. Alison Scully, Vice-President, Bank of the Manhattan Company, and a forum discussion on the "Massachusetts Rule," led by Mayo A. Shattuck, of Haussermann, Davison & Shattuck, Boston, Mass. The Wednesday afternoon program will consist of two concurrent sessions, one to be devoted to the problems of smaller trust departments and the other to be devoted to the problems of larger trust departments. These sessions were instituted last February for the first time and proved so popular that they are being repeated at the forthcoming conference. The closing session will be devoted again to the popular question Box Period. The leader for this feature will be Frederick A. Carroll, Vice-President and Trust Officer of the National Shawmut Bank of Boston. This year for the first time there will be included on this panel a discussion of economic questions affecting trust business. Montfort Jones, Professor of Finance, University of Pittsburgh, Pa., will participate on the Question Box panel to discuss these economic questions.

Lumber Movement Week Ended Dec. 20, 1941

Lumber production during the week ended Dec. 20, 1941, was 4% less than the previous week, shipments were 2% greater; new business 31% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 4% below production; new orders 35% above production. Compared with the corresponding week of 1940 production was 0.5% greater, shipments 22% less, and new business 31% greater. The industry stood at 128% of the average of production in the corresponding week of 1935-39 and 127% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the 51 weeks of 1941 to date was 11% above corresponding weeks of 1940; shipments were 9% above the shipments, and new orders 6% above the orders of the 1940 period. For the 51 weeks of 1941 to date, new business was 4% above production, and shipments were 4% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 32% on Dec. 20, 1941, compared with 31% a year ago. Unfilled orders were 3% less than a year ago; gross stocks were 7% less.

Softwoods and Hardwoods

Record for the current week ended Dec. 20, 1941, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1941 Week	1940 Week	1941 Previous Wk. (rev.)
Mills	438	438	464
Production	213,450	212,405	221,448
Shipments	204,412	263,664	199,850
Orders	288,867	220,215	221,301

	Softwoods 1941 Week	Hardwoods 1941 Week
Mills	361	92
Production	201,514—100%	11,936—100%
Shipments	193,627— 96%	10,785— 90%
Orders	279,366—139%	9,501— 80%

President Opens Red Cross Fund Campaign

President Roosevelt issued a proclamation on Dec. 12 opening a Red Cross War Fund Campaign for the raising of at least $50,000,000. He appealed to the American people "to make this campaign an overwhelming success." In his proclamation, the President noted that the Red Cross has been spending more than $1,000,000 a month in preparation for the emergency now facing the country, adding that this amount is a small fraction of what will have to be spent by the organization in order to carry out its functions as an essential auxiliary of the armed forces.

The text of the President's proclamation follows:

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Whereas our country has been viciously attacked and forced into a war of vast proportions, which will inevitably bring grief and distress to many and self-sacrifice to all; and

Whereas for more than 60 years the American National Red Cross has played a vital role in binding up the wounds of the injured, in sheltering, feeding, and clothing the homeless, in succoring the distressed, in rebuilding broken lives, and in rehabilitating the victims of catastrophes of nature and of war; and

Whereas in preparation for just such an emergency as we are now facing, the American National Red Cross has been spending funds at the rate of more than one million dollars a month, which is but a small fraction of the amount that the organization now requires in order to carry out effectively its functions as an essential auxiliary of our armed forces, particularly as a friendly liaison in welfare problems between the man in service and his family at home, and as a key agency in the civil-defense plans:

Now, Therefore, I, Franklin D. Roosevelt, President of the United States of America, and President of the American National Red Cross, do hereby proclaim the beginning, as of this date, of a Red Cross War Fund Campaign for the raising of a minimum sum of $50,000,000; and I appeal to the American people to make this campaign an overwhelming success. Realizing the desire of every American to participate in the national war effort, I confidently anticipate an immediate and spontaneous response to this appeal.

In Witness Whereof, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Done at the City of Washington this twelfth day of December in the year of our Lord nineteen hundred and forty-one, and of the Independence of the United States of America the one hundred and sixty-sixth.

(Seal)

FRANKLIN D. ROOSEVELT.

By the President:

CORDELL HULL,

Secretary of State.

Auburn Daily Ups Price

The Auburn "Citizen-Advertiser," afternoon newspaper and the only daily issued in Auburn, New York, raised its price Dec. 29 from 3 cents to 4 cents per copy and from 18 cents to 20 cents a week. The newspaper, announcing the higher price in its advertising columns, cited similar action recently taken by a number of other up-state papers and explained that the raise was compelled by the increasing cost of newsprint, materials and labor.

Revenue Freight Car Loadings During Week Ended Dec. 20 Amounted To 798,697 Cars

Loading of revenue freight for the week ended Dec. 20, totaled 798,697 cars, the Association of American Railroads announced today. The increase above the corresponding week in 1940 was 100,942 cars or 14.5%, and above the same week in 1939 was 147,305 cars or 22.6%.

Loading of revenue freight for the week of Dec. 20, decreased 8,528 cars or 1.1% below the preceding week.

Miscellaneous freight loading totaled 365,675 cars, a decrease of 5,946 cars below the preceding week, but an increase of 68,604 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 150,038 cars, a decrease of 2,703 cars below the preceding week, but an increase of 1,085 cars above the corresponding week in 1940.

Coal loading amounted to 156,264 cars, an increase of 1,354 cars above the preceding week, and an increase of 7,684 cars above the corresponding week in 1940.

Grain and grain products loading totaled 41,423 cars, a decrease of 110 cars below the preceding week, but an increase of 13,490 cars above the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of Dec. 20 totaled 26,562 cars, an increase of 708 cars above the preceding week, and an increase of 10,087 cars above the corresponding week in 1940.

Live stock loading amounted to 14,528 cars, an increase of 687 cars above the preceding week, and an increase of 2,496 cars above the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of Dec. 20 totaled 10,901 cars, an increase of 527 cars above the preceding week, and an increase of 2,383 cars above the corresponding week in 1940.

Forest products loading totaled 43,135 cars, an increase of 758 cars above the preceding week, and an increase of 5,681 cars above the corresponding week in 1940.

Ore loading amounted to 13,638 cars, a decrease of 2,535 cars below the preceding week but an increase of 592 cars above the corresponding week in 1940.

Coke loading amounted to 13,996 cars, a decrease of 33 cars below the preceding week, but an increase of 1,310 cars above the corresponding week in 1940.

All districts reported increases compared with the corresponding weeks in 1940 and 1939.

	1941	1940	1939
4 Weeks of January	2,740,095	2,557,735	2,288,730
4 Weeks of February	2,824,188	2,488,879	2,282,866
5 Weeks of March	3,817,918	3,123,916	2,976,655
4 Weeks of April	2,793,563	2,495,212	2,225,188
5 Weeks of May	4,160,527	3,351,840	2,926,408
4 Weeks of June	3,510,137	2,896,953	2,563,953
4 Weeks of July	3,413,427	2,822,450	2,532,236
5 Weeks of August	4,464,458	3,717,933	3,387,672
4 Weeks of September	3,539,171	3,135,122	3,102,236
4 Weeks of October	3,657,882	3,269,476	3,355,701
5 Weeks of November	4,317,738	3,780,423	3,703,292
Week of December 6	833,375	738,513	683,973
Week of December 13	807,225	736 340	678,132
Week of December 20	798,697	697,755	651,392
Total	41,678,401	35,812,547	33,363,434

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Dec. 20, 1941. During this period 106 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS

(NUMBER OF CARS)—WEEK ENDED DEC. 20

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Eastern District—					
Ann Arbor	589	553	569	1,611	1,372
Bangor & Aroostook	1,624	1,255	1,347	201	191
Boston & Maine	8,295	7,633	7,386	13,971	11,439
Chicago, Indianapolis & Louisville	1,467	1,390	1,432	2,505	2,452
Central Indiana	24	25	21	43	51
Central Vermont	1,523	1,307	1,356	2,510	2,036
Delaware & Hudson	6,173	5,702	5,874	11,144	8,668
Delaware, Lackawanna & Western	9,100	8,858	9,112	9,281	8,111
Detroit & Mackinac	438	299	278	151	103
Detroit, Toledo & Ironton	2,471	2,766	2,606	1,845	1,447
Detroit & Toledo Shore Line	335	399	299	4,147	3,803
Erie	14,471	13,545	11,804	15,623	13,975
Grand Trunk Western	5,057	5,918	4,696	9,145	9,341
Lehigh & Hudson River	190	170	151	2,785	2,370
Lehigh & New England	1,753	1,902	1,771	1,598	1,276
Lehigh Valley	9,082	9,166	8,869	10,203	8,085
Maine Central	3,258	3,029	2,889	3,184	2,313
Monongahela	6,113	4,131	4,748	434	224
Montour	1,716	1,701	1,547	33	19
New York Central Lines	47,437	43,690	39,743	49,507	43,031
N. Y., N. H. & Hartford	12,325	10,484	9,478	16,002	14,014
New York, Ontario & Western	1,082	1,125	1,130	2,480	1,979
N. Y., Chicago & St. Louis	6,518	5,158	5,626	14,633	11,882
N. Y., Susquehanna & Western	537	403	449	1,638	1,619
Pittsburgh & Lake Erie	8,271	7,692	7,049	6,642	6,131
Pere Marquette	5,756	6,303	5,872	6,658	5,925
Pittsburgh & Shawmut	601	565	419	46	36
Pittsburgh, Shawmut & North	392	444	376	274	243
Pittsburgh & West Virginia	823	829	864	2,557	2,103
Rutland	540	542	512	1,089	979
Wabash	6,232	5,485	5,454	11,522	10,036
Wheeling & Lake Erie	4,515	3,774	3,787	4,264	3,687
Total	168,713	156,259	147,514	207,727	179,445
Allegheny District—					
Akron, Canton & Youngstown	581	547	421	1,078	885
Baltimore & Ohio	37,760	32,628	29,474	21,754	18,145
Bessemer & Lake Erie	2,960	3,099	2,571	1,232	1,835
Buffalo Creek & Gauley	331	239	266	7	6
Cambria & Indiana	1,991	1,906	1,718	8	12
Central R.R. of New Jersey	7,426	6,974	6,415	16,282	13,699
Cornwall	558	634	685	52	69
Cumberland & Pennsylvania	327	238	285	36	41
Ligonier Valley	114	173	151	49	42
Long Island	788	740	556	3,166	2,874
Penn-Reading Seashore Lines	1,741	1,157	1,003	1,816	1,608
Pennsylvania System	78,751	66,570	61,477	52,396	41,775
Reading Co.	16,079	15,667	13,462	24,592	19,603
Union (Pittsburgh)	20,514	19,953	18,562	3,413	3,422
Western Maryland	4,391	3,804	3,836	9,955	7,697
Total	174,312	154,379	140,882	135,836	111,713
Pocahontas District—					
Chesapeake & Ohio	25,135	20,862	22,005	10,570	9,220
Norfolk & Western	22,367	19,223	18,062	5,868	5,263
Virginian	4,792	4,332	3,819	2,242	1,810
Total	52,294	44,417	43,886	18,680	16,293
Southern District—	1941	1940	1939	1941	1940
Alabama, Tennessee & Northern	370	305	193	204	142
Atl. & W. P.—W. R.R. of Ala.	883	775	658	2,109	1,562
Atlanta, Birmingham & Coast	788	660	590	1,408	1,037
Atlantic Coast Line	11,974	11,061	9,320	7,685	6,148
Central of Georgia	4,328	4,042	3,525	4,236	3,550
Charleston & Western Carolina	475	404	348	1,783	1,273
Clinchfield	1,912	1,417	1,350	3,104	2,621
Columbus & Greenville	284	341	259	348	290
Durham & Southern	187	189	162	533	616
Florida East Coast	1,077	958	848	1,064	1,163
Gainsville Midland	32	29	29	85	92
Georgia	1,427	960	872	2,643	1,676
Georgia & Florida	386	385	287	737	517
Gulf, Mobile & Ohio	4,165	3,434	3,379	3,600	2,671
Illinois Central System	28,526	21,870	20,967	15,476	11,572
Louisville & Nashville	25,510	23,271	21,611	8,342	6,472
Macon, Dublin & Savannah	210	144	174	881	1,048
Mississippi Central	165	119	150	392	418
Nashville, Chattanooga & St. L.	3,640	3,009	2,474	3,655	3,193
Norfolk Southern	1,061	1,077	1,180	1,387	1,105
Piedmont Northern	488	406	353	1,761	1,472
Richmond Fred. & Potomac	561	354	292	6,866	5,338
Seaboard Air Line	10,796	10,695	8,792	7,314	6,119
Southern System	25,393	22,497	20,940	21,325	16,801
Tennessee Central	664	461	435	720	697
Winston-Salem Southbound	138	147	122	846	833
Total	125,440	109,010	99,360	98,524	78,426
Northwestern District—					
Chicago & North Western	17,551	14,950	13,454	14,140	11,578
Chicago Great Western	2,962	2,336	2,390	3,393	3,148
Chicago, Milw., St. P. & Pac.	22,685	19,840	18,143	9,400	8,436
Chicago, St. P., Minn. & Omaha	4,619	3,955	3,791	4,255	3,682
Duluth, Missabe & Iron Range	972	881	800	363	188
Duluth, South Shore & Atlantic	655	630	527	505	446
Elgin, Joliet & Eastern	10,943	9,515	8,720	10,765	7,769
Ft. Dodge, Des Moines & South	515	336	325	125	151
Great Northern	12,968	9,755	8,916	4,169	3,075
Green Bay & Western	564	452	562	746	704
Lake Superior & Ishpeming	272	254	158	61	68
Minneapolis & St. Louis	1,972	1,557	1,549	2,428	2,148
Minn., St. Paul & S. S. M.	5,884	5,004	4,347	3,184	2,603
Northern Pacific	11,625	9,879	9,355	4,424	3,461
Spokane International	83	97	109	257	223
Spokane, Portland & Seattle	2,545	1,993	1,415	2,155	1,543
Total	96,545	81,434	74,571	60,381	49,223
Central Western District—					
Atch., Top. & Santa Fe System	22,056	17,601	17,328	9,965	6,412
Alton	3,562	2,723	2,697	2,958	2,390
Bingham & Garfield	584	422	386	104	99
Chicago, Burlington & Quincy	18,110	16,133	14,997	10,789	8,799
Chicago & Illinois Midland	2,804	2,797	2,576	864	776
Chicago, Rock Island & Pacific	12,676	10,513	10,947	11,043	9,076
Chicago & Eastern Illinois	2,878	2,778	2,745	3,226	2,606
Colorado & Southern	712	727	664	1,539	1,527
Denver & Rio Grande Western	3,618	3,902	3,002	4,111	3,114
Denver & Salt Lake	678	885	547	11	9
Fort Worth & Denver City	1,231	725	978	1,372	816
Illinois Terminal	2,016	1,713	1,861	1,735	1,524
Missouri-Illinois	1,104	814	937	408	488
Nevada Northern	1,910	1,820	1,857	140	100
North Western Pacific	847	678	451	432	341
Peoria & Pekin Union	33	18	19	0	0
Southern Pacific (Pacific)	25,711	22,996	20,777	9,137	6,260
Toledo, Peoria & Western	338	349	462	153	1,309
Union Pacific System	16,068	14,215	12,658	11,818	9,085
Utah	505	590	480	5	7
Western Pacific	2,217	1,485	1,559	2,644	2,036
Total	119,658	103,884	97,928	72,454	56,774
Southwestern District—					
Burlington-Rock Island	186	105	240	312	221
Gulf Coast Lines	3,565	2,622	2,894	2,198	1,298
International-Great Northern	1,996	1,551	1,666	2,547	1,997
Kansas, Oklahoma & Gulf	218	197	161	1,143	944
Kansas City Southern	2,852	2,269	2,033	2,992	2,044
Louisiana & Arkansas	2,653	2,270	1,773	2,217	1,395
Litchfield & Madison	417	362	373	1,131	853
Midland Valley	648	701	619	302	174
Missouri & Arkansas	192	117	170	414	347
Missouri-Kansas-Texas Lines	5,023	3,759	3,703	3,912	2,630
Missouri Pacific	18,049	14,152	13,833	12,875	9,631
Quanah Acme & Pacific	175	93	78	177	129
St. Louis-San Francisco	9,386	7,903	7,151	7,327	4,567
St. Louis Southwestern	3,305	2,444	2,268	3,769	2,566
Texas & New Orleans	8,267	6,153	6,022	4,833	3,212
Texas & Pacific	4,379	3,501	4,059	6,292	3,898
Wichita Falls & Southern	143	160	133	55	75
Weatherford M. W. & N. W.	11	13	25	92	215
Total	61,465	48,372	47,251	52,588	36,196

Note—Previous year's figures revised.

Bank Debits Up 28% From Last Year

Bank debits as reported by banks in leading centers for the week ended Dec. 24 aggregated $12,784,000,000. Total debits during the 13 weeks ended Dec. 24 amounted to $149,677,000,000, or 23% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 17% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 27%.

SUMMARY BY FEDERAL RESERVE DISTRICTS

(In millions of dollars)

Federal Reserve District—	Week Ended		13 Weeks Ended	
	Dec. 24, 1941	Dec. 25, 1940	Dec. 24, 1941	Dec. 25, 1940
Boston	739	586	8,423	7,239
New York	4,814	4,490	60,108	51,243
Philadelphia	788	538	8,060	6,374
Cleveland	1,078	840	10,934	8,466
Richmond	509	358	6,063	4,667
Atlanta	440	299	4,933	3,772
Chicago	1,937	1,283	22,330	17,570
St. Louis	411	263	5,011	3,749
Minneapolis	231	156	2,898	2,198
Kansas City	418	271	4,597	3,568
Dallas	380	223	4,051	2,965
San Francisco	1,039	673	12,213	9,522
Total, 274 reporting centers	12,784	9,931	149,677	121,333
New York City*	4,365	4,167	54,938	46,990
140 Other leading centers*	7,276	5,031	81,743	64,182
133 Other centers	1,144	783	12,997	10,161

*Included in the national series covering 141 centers, available beginning with 1919.

Denmark To Defer Jan. 1 Maturity Of 6% Loan

Henrik Kauffmann, Minister of Denmark in Washington, issued on Dec. 24 the following statement to the holders of the Kingdom of Denmark 20-year 6% external gold bonds, due Jan. 1, 1942:

> Under existing conditions the Kingdom of Denmark is not at this time in a position to meet the maturity on Jan. 1, 1942 of $30,000,000 principal amount of the 6% loan.
>
> For the purpose of paying Jan. 1, 1942 coupons of the 6% loan, I propose to put The National City Bank of New York, 55 Wall Street, New York City, Fiscal Agent, in funds so far as it is estimated to be necessary to make coupon payments to holders of bonds other than those held for account of residents of Denmark. The purpose of so excluding residents of Denmark is to conserve, to the greatest extent possible, dollar exchange available to Denmark for possible future use in connection with external debt service. Jan. 1, 1942 coupon payments will be made subject to such license as may be granted to the fiscal agent by the United States Treasury.
>
> It is contemplated to make subsequent pertinent announcements in due course with a view to informing bondholders of the future status of the loan.

Incident to the above the Treasury Department at Washington issued the following statement on Dec. 24:

> The Minister of Denmark to the United States has informed the Secretary of the Treasury that coupons falling due January 1, 1942, on Kingdom of Denmark 6% External Gold Bonds, due January 1, 1942 will not be paid in dollars if held by Denmark or persons within Denmark. The Danish Minister has requested the assistance of the Secretary of the Treasury in making this limitation effective.
>
> In view of this request, the Treasury Department today issued Public Circular No. 9, which revokes all outstanding licenses and authorizations to the extent that they would otherwise permit sale, presentation for payment or redemption, or other disposition, on behalf of Denmark or persons within Denmark, of such coupons and other Danish securities.
>
> The text of the letter from the Danish Minister is as follows:
>
> "I beg to inform you that the Kingdom of Denmark is desirous of paying the coupons falling due on January 1, 1942, of the Kingdom of Denmark 20-Year 6% External Gold Bonds. It is planned to exclude from payment in dollars the coupons presented on behalf of Denmark or persons within Denmark
>
> "It will facilitate this program if appropriate restrictions are imposed upon transactions and dealings for the account of Denmark or persons within Denmark in Danish securities. Accordingly, I would appreciate your imposing the necessary restrictions."

Auto Sales Reduced

Effects of curtailment on automobile production show up strongly in factory sales figures for November, which totaling 355,770 cars and trucks, compare with 487,352 units sold in the United States in November last year. Factory sales in October, 1941, totaled 382,000.

For the first 11 months of this year, factory sales amounted to 4,559,749 units, as against 3,985,787 in the corresponding 1940 period, according to Automobile Manufacturers Association estimates.

Daily Average Crude Oil Production for Week Ended Dec. 27, 1941, Off 233,300 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for the week ended Dec. 27, 1941 was 4,080,850 barrels. This was a decrease of 233,300 barrels from the output of the preceding week and the current week's figure was below the 4,139,000 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during December. Daily average production for the four weeks ended Dec. 27, 1941 is estimated at 4,153,150 barrels. The daily average output for the week ended Dec. 28, 1940 totaled 3,385,500 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.8% of the 4,638,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 4,096,000 barrels of crude oil daily during the week ended Dec. 27, 1941, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 91,479,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 13,859,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*a*B. of M. Calculated Requirements (December)	State Allowables	—Actual Production— Week Ended Dec. 27 1941	Change From Previous Week	4 Weeks Ended Dec. 27 1941	Week Ended Dec. 28 1940
Oklahoma	460,000	428,000	b419,650	+ 6,500	414,850	399,750
Kansas	260,700	264,000	b256,650	+ 5,050	251,200	186,350
Nebraska	6,100	------	b5,350	+ 200	5,400	2,550
Panhandle Texas		•	68,050	— 10,600	93,400	71,400
North Texas			108,000	— 800	108,100	97,550
West Central Texas			31,300	— 250	31,350	30,600
West Texas			291,600	— 48,400	302,900	181,600
East Central Texas			86,850	— 4,750	87,350	80,050
East Texas			369,100	— 71,600	387,100	301,350
Southwest Texas			216,200	— 39,500	226,050	162,000
Coastal Texas			292,250	— 46,750	303,850	212,050
Total Texas	1,479,700	*c*1,555,192	1,483,350	—222,650	1,540,100	1,136,600
North Louisiana			82,200	— 50	81,900	67,950
Coastal Louisiana			277,800	+ 950	277,250	220,550
Total Louisiana	340,000	354,705	360,000	+ 900	359,150	288,500
Arkansas	76,500	75,297	73,500	— 200	73,700	68,500
Mississippi	60,300		b73,150	+ 3,050	73,400	15,050
Illinois	426,500		393,400	+ 7,400	391,150	336,900
Indiana	19,700		b19,950	— 300	19,750	20,550
Eastern (not incl. Ill and Ind.)	96,900		89,550	— 5,800	93,200	89,550
Michigan	52,300		56,800	+ 4,200	54,850	42,150
Wyoming	81,900		86,000	+ 1,650	85,500	73,400
Montana	20,700		22,600	— 100	22,350	18,200
Colorado	5,800		5,350	+ 50	5,300	3,450
New Mexico	116,100	117,000	118,850	+ 350	118,200	101,400
Total East of Calif.	3,503,200		3,464,150	—199,700	3,508,100	1,782,900
California	635,800	*d*613,200	616,700	— 33,600	645,050	602,600
Total United States	4,139,000		4,080,850	—233,300	4,153,150	3,385,500

*a*These are Bureau of Mines' calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecast for the month of December. As requirements may be supplied either from stocks, or from new production, contemplated withdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude to be produced.

bOkla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. Dec. 24.

*c*This is the net basic 31-day allowable as of Dec. 1, but experience indicates that it will increase as new wells are completed, and if any upward revisions are made. With a few exceptions the entire State was ordered shut down on Dec. 6, 7, 13, 14, 21, 25, 28 and 30.

*d*Recommendation of Conservation Committee of California Oil Producers.

NOTE:—The figures indicated above do not include any estimate of any oil which might have been surreptitiously produced.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED DEC. 27, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

District	*Daily Refining Capacity*		*Crude Runs to Stills*		*Gasoline Produc'n at Refineries Incl. Natural Blended*	*Stocks Finished & Unfinished Gasoline*	*e Stocks of Gas Oil and Distillates*	*e Stocks of Residual Fuel Oil*	*f Stocks Aviation Gasoline*
	Potential Rate	*P. C. Reporting*	*Daily Aver.*	*P. C. Operated*					
East Coast	704	100.0	653	92.8	1,789	20,040	19,062	12,320	(Aviation gasostocks not avail- this week)
Appalachian	170	84.1	136	95.1	533	3,430	666	434	
Ind., Ill., Ky.	771	84.7	643	98.5	2,562	16,689	5,312	4,306	
Okla., Kans., Mo.	418	81.1	315	92.9	1,246	8,427	1,770	2,164	
Inland Texas	265	64.9	137	79.7	608	2,552	443	1,228	
Texas Gulf Coast	1,117	91.2	1,050	103.0	3,429	14,184	6,957	8,278	
Louisiana Gulf	172	94.8	155	95.1	461	3,165	1,661	2,317	
No. La. & Arkansas	97	51.5	46	92.0	149	423	277	344	
Racky Mountain	137	50.4	51	73.9	221	1,250	135	356	
California	787	90.9	520	72.7	1,456	15,844	12,708	62,994	
Reported		86.8	3,705	92.0	12,474	86,004	48,996	94,741	
Est. unreported			390		1,385	5,475	1,525	1,150	
aEst. Total U. S. Dec. 27, 1941	4,638		4,096		13,859	b91,479	50,521	95,891	
aEst. Total U. S. Dec. 20, 1941	4,638		4,070		13,687	89,297	51,487	95,560	7,408
U. S. B. of Mines aDec. 28, 1940			3,582		11,746	83,281	42,901	101,253	6,348

a Estimated Bureau of Mines' basis. b Finished, 83,630,000 bbl.; unfinished, 7,849,000 bbl. *e* At refineries, bulk terminals, in transit and pipe lines. *f* Included finished and unfinished gasoline total.

Bonds Lose Ground

The general downward tendency throughout the week in bond prices was arrested by a rally Monday in Treasury bonds and in speculative rails. Rails extended their gains on Tuesday.

High-grade railroad bonds have lost ground although some medium-grade rail issues have slightly improved. Terminal RR. Association of St. Louis 4s, 1953, at 108½ were off 1 point. Among medium-grade rails Chicago Union Station 3¾s, 1963, were unchanged at 107½. The announcement by the AAR that the railroad industry during 1941 handled the greatest volume of freight in their history, without congestion, has perhaps been a stimulant to the second-grade rail market. Issues in this latter group have been actively higher. Southern Pacific 4½s, 1981, registered an advance of 5 to 49¼; New York Central junior issues have been higher, as have been Southern Railway and Illinois Central bonds. Defaulted rails have been fractionally better in moderate trading volume.

The utility bond market has been more orderly than in recent weeks but the downward tendency has persisted. High grades have given up little ground but issues such as Brooklyn Edison 3¼s, 1966, Consolidated Edison 3½s, 1956, and Consolidated Gas Baltimore 3s, 1969, lost ½ point or more. Lower grades and speculatives were more erratic, Laclede Gas 6s, 1942, New England Gas & Electric 5s, 1948, and Standard Gas & Electric 6s, 1966, being noticeably weak. New registrations included debt refunding issues by Iowa Southern Utilities Company and Alabama Power Company.

Losses of large fractions to a point or better have been the rule in the industrial section of the list during the week. Steel company obligations followed this rule, with the exception of the Otis 4½s, 1962, which gained 2⅞ points at 78¼. Among the oils, the largest declines have been registered in the higher-grade issues. Against the general trend were the Phelps Dodge conv. 3½s, 1952, Certain-teed Products 5½s, 1948, and the Armour & Company 4s, 1955, the foregoing issues showing moderate strength. The Childs Company 5s, 1943, also have been against the trend for a gain of better than two points.

The announcement of non-payment of maturing principal and that the status of the loan would be reviewed from time to time has been responsible for a sharp break in Denmark 6s; other Danish bonds have also been depressed while Norwegian loans gained further. There has been some late unsettlement in the issues of the State of Sao Paulo, the balance of South American issues continuing soft. Canadian bonds have been firm while Australian bonds declined several points.

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1941 Daily Averages	*U. S. Govt. Bonds*	*Avge. Corporate* *	*Corporate by Ratings* * *Aaa*	*Aa*	*A*	*Baa*	*Corporate by Groups* * *R. R.*	*P. U.*	*Indus.*
Dec. 30	117.50	106.04	115.82	113.70	107.27	90.20	95.92	110.15	113.31
29	117.63	105.86	115.82	113.50	107.44	89.78	95.62	110.15	113.12
27	117.21	105.86	115.82	113.50	107.27	89.64	95.62	109.97	113.31
26	117.20	106.04	116.02	113.70	107.44	89.78	95.62	110.15	113.50
25	STOCK EXCHANGE CLOSED								
24	117.39	106.04	116.22	113.70	107.44	89.92	95.77	110.15	113.70
23	117.66	106.21	116.41	113.89	107.44	89.92	95.77	110.15	113.70
22	118.05	106.39	116.41	113.89	107.62	90.20	95.92	110.34	113.89
20	118.24	106.21	116.41	113.70	107.62	90.20	95.77	110.34	113.89
19	118.30	106.39	116.61	113.89	107.80	90.20	95.77	110.52	114.08
18	118.25	106.39	116.80	113.89	107.80	90.06	95.77	110.70	114.08
17	118.21	106.56	116.80	113.89	107.98	90.34	95.92	110.70	114.27
16	118.16	106.56	117.00	114.08	107.98	90.34	96.07	110.70	114.27
15	118.09	106.56	117.00	114.08	107.98	90.06	96.07	110.52	114.08
13	118.13	106.39	116.80	113.70	107.98	90.06	95.92	110.52	113.89
12	118.18	106.21	116.80	113.70	107.80	89.78	95.77	110.52	113.70
11	117.71	106.21	116.61	113.31	107.98	90.06	95.92	110.52	113.50
10	117.70	106.21	116.61	113.31	107.80	89.78	95.77	110.52	113.31
9	118.17	106.39	116.80	113.50	108.16	89.78	95.92	110.88	113.31
6	119.59	108.16	118.40	115.43	109.60	91.77	97.31	112.19	115.82
Nov. 28	119.77	108.16	118.60	115.63	109.60	91.62	97.16	112.37	116.02
21	119.96	108.16	118.60	115.82	109.60	91.77	97.47	112.37	116.02
14	119.98	108.16	118.60	115.82	109.42	91.77	97.31	112.37	116.02
7	120.04	108.34	118.60	116.02	109.60	92.20	97.78	112.37	116.22
Oct. 31	120.03	108.16	118.40	115.82	109.42	92.06	97.47	112.19	116.02
24	119.43	108.16	118.40	115.63	109.42	92.06	97.47	112.19	116.02
17	119.23	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
10	119.16	107.98	118.20	115.24	109.06	91.91	97.16	112.00	116.02
3	119.21	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
Sept 24	118.95	107.44	118.00	114.85	108.70	91.19	96.69	111.81	115.43
17	118.82	107.62	118.20	114.66	108.70	91.48	96.69	111.62	115.43
12	119.02	107.62	118.00	114.66	108.70	91.62	97.00	111.81	115.24
5	119.13	107.80	118.20	114.85	108.88	95.06	97.31	112.00	115.24
Aug. 29	119.14	107.80	118.40	114.85	108.88	91.77	97.16	111.81	115.43
July 25	119.55	107.80	118.00	115.24	108.52	92.06	97.47	112.00	115.04
June 27	119.45	107.44	118.00	114.66	107.80	91.77	97.16	114.44	114.66
May 29	118.71	106.39	116.61	113.31	107.09	91.05	96.69	110.70	112.75
Apr. 25	118.62	106.21	116.61	112.75	106.56	91.19	96.69	110.34	112.19
Mar. 28	117.80	105.86	116.41	112.19	106.04	91.05	96.54	109.79	111.81
Feb. 28	116.93	105.86	117.20	112.93	106.21	89.78	95.92	109.79	112.75
Jan. 31	117.14	106.39	118.00	113.70	106.39	90.48	96.85	109.79	113.70
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	115.82	112.00	106.04	89.23	95.62	109.42	111.62
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
High 1940	119.63	106.74	119.00	115.04	106.74	89.92	96.07	110.88	114.85
Low 1940	113.02	99.04	112.19	109.60	99.52	79.37	86.38	105.52	106.56
1 Year ago Dec. 30, 1940	119.58	106.74	118.80	114.85	106.74	89.92	96.07	110.52	114.85
2 Years ago Dec. 30, 1939	115.70	101.64	115.04	111.25	100.49	83.66	89.64	106.56	110.34

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1941 Daily Average	*Avge. Corporate*	*Corporate by Ratings* *Aaa*	*Aa*	*A*	*Baa*	*Corporate by Groups* *R. R.*	*P. U.*	*Indus.*
Dec. 30	3.39	2.86	2.97	3.32	4.40	4.01	3.16	2.99
29	3.40	2.86	2.98	3.31	4.43	4.03	3.16	3.00
27	3.40	2.86	2.98	3.32	4.44	4.03	3.17	2.99
26	3.39	2.85	2.97	3.31	4.43	4.03	3.16	2.98
25	STOCK EXCHANGE CLOSED							
24	3.39	2.84	2.97	3.31	4.42	4.02	3.16	2.97
23	3.38	2.83	2.96	3.31	4.42	4.02	3.16	2.97
22	3.37	2.83	2.96	3.30	4.40	4.01	3.15	2.96
20	3.38	2.83	2.97	3.30	4.40	4.02	3.15	2.96
19	3.37	2.82	2.96	3.29	4.40	4.02	3.14	2.95
18	3.37	2.81	2.96	3.29	4.41	4.02	3.13	2.95
17	3.36	2.81	2.96	3.28	4.39	4.01	3.13	2.94
16	3.36	2.80	2.95	3.28	4.39	4.00	3.13	2.94
15	3.36	2.80	2.95	3.28	4.41	4.00	3.14	2.95
13	3.37	2.81	2.97	3.28	4.41	4.01	3.14	2.96
12	3.38	2.81	2.97	3.29	4.43	4.02	3.14	2.97
11	3.38	2.82	2.99	3.28	4.41	4.01	3.14	2.98
10	3.38	2.82	2.99	3.29	4.43	4.02	3.14	2.99
9	3.37	2.81	2.98	3.27	4.43	4.01	3.12	2.99
6	3.27	2.73	2.88	3.19	4.29	3.92	3.05	2.86
Nov. 28	3.27	2.72	2.87	3.19	4.30	3.93	3.04	2.85
21	3.27	2.72	2.86	3.19	4.29	3.91	3.04	2.85
14	3.27	2.72	2.86	3.20	4.29	3.92	3.04	2.85
7	3.26	2.72	2.85	3.19	4.26	3.89	3.04	2.84
Oct. 31	3.27	2.73	2.86	3.20	4.27	3.91	3.05	2.85
24	3.27	2.73	2.87	3.20	4.27	3.91	3.05	2.85
17	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
10	3.28	2.74	2.89	3.22	4.28	3.93	3.06	2.85
3	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
Sept 24	3.31	2.75	2.91	3.24	4.33	3.96	3.07	2.88
17	3.30	2.74	2.92	3.24	4.31	3.96	3.08	2.88
12	3.30	2.75	2.92	3.24	4.30	3.94	3.07	2.89
5	3.29	2.74	2.91	3.23	4.27	3.92	3.06	2.89
Aug. 29	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.88
July 25	3.29	2.75	2.89	3.25	4.27	3.91	3.06	2.90
June 27	3.31	2.75	2.92	3.29	4.29	3.93	3.09	2.92
May 29	3.37	2.82	2.99	3.33	4.34	3.96	3.13	3.02
Apr. 25	3.38	2.82	3.02	3.36	4.33	3.96	3.15	3.05
Mar. 28	3.40	2.83	3.05	3.39	4.34	3.97	3.18	3.07
Feb. 28	3.40	2.79	3.01	3.38	4.43	4.01	3.18	3.02
Jan. 31	3.37	2.75	2.97	3.37	4.37	3.95	3.18	2.97
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
High 1940	3.81	3.06	3.19	3.78	5.24	4.68	3.42	3.36
Low 1940	3.35	2.70	2.90	3.35	4.42	4.00	3.12	2.91
1 Year ago Dec. 30, 1940	3.35	2.71	2.91	3.35	4.42	4.00	3.14	2.91
2 Years ago Dec. 30, 1939	3.65	2.90	3.10	3.72	4.89	4.44	3.36	3.15

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Fertilizer Assn. Index Continues Advance

The weekly wholesale commodity price index compiled by The National Fertilizer Association last week continued to advance to new high levels, the Association reported Dec. 29. Rising for the fourth consecutive time, this index in the week ended Dec. 27, 1941 stood at 119.5% of the 1935-1939 average as 100; it was 119.2 in the preceding week, 116.8 a month ago, and 98.0 a year ago. The index is now 19% higher than at the first of the year and is 22% above the corresponding week of 1940.

Prices of farm products were generally higher during the week, with 10 items included in the group advancing and only two declining. Cotton and cotton goods prices moved upward causing the textile index to advance to the highest point reached since 1929. The fuel price average was a little higher due to an upturn in the price of petroleum. Camphor and creosote oil quotations increased resulting in a moderate rise in the chemical and drug price index. Food price changes were about evenly balanced, but downturns in canned tomatoes, most meats, cocoa, and cottonseed oil caused a slight decline in the group average. Lower cattle feed prices were responsible for a slight drop in the index of miscellaneous commodities. The only other group average to change during the week was the fertilizer material index which was fractionally lower.

During the week 27 price series included in the index advanced and 11 declined; in the preceding week there were 35 advances and 20 declines; in the second preceding week there were 39 advances and 3 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

1935-1939=100*

% Each Group Bears to the Total Index	GROUP	Latest Week Dec. 27, 1941	Preceeding Week Dec. 20, 1941	Month Ago Nov. 22, 1941	Year Ago Dec. 28, 1940
25.3	Foods	115.8	116.4	113.7	91.1
	Fats and Oils	122.7	126.2	121.8	70.8
	Cottonseed Oil	156.0	156.0	142.5	70.3
23.0	Farm Products	125.8	123.6	117.2	87.2
	Cotton	166.1	163.5	155.9	95.0
	Grains	114.8	115.0	105.0	87.4
	Livestock	120.5	117.5	112.1	83.8
17.3	Fuels	113.0	112.9	113.3	103.5
10.8	Miscellaneous Commodities	126.3	126.8	126.1	111.8
8.2	Textiles	141.9	140.9	139.0	106.8
7.1	Metals	104.0	104.0	104.0	101.7
6.1	Building Materials	131.6	131.6	131.0	107.4
1.3	Chemicals and Drugs	113.6	112.0	112.0	102.0
.3	Fertilizer Materials	115.4	115.5	114.8	103.9
.3	Fertilizers	119.7	119.7	109.8	102.5
.3	Farm Machinery	103.4	103.4	100.7	99.9
100.0	All Groups Combined	119.5	119.2	116.8	98.0

*Base period changed Jan. 4 from 1926-1928 average to 1935-1939 average as 100 Indexes on 1926-28 base were: Dec. 27, 1941, 93.1; Dec. 20, 1941, 92.9; Dec. 28, 1940, 77.7.

Electric Output For Week Ended Dec. 27, 1941, Shows 15.6% Gain Over Same Week In 1940

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Dec. 27. 1941 was 3,186,804,000 kwh., which compares with 2,757,259,000 kwh. in the corresponding period in 1940, a gain of 15.6%. The output for the week ended Dec. 20, 1941 was estimated to be 3,448,597,000 kwh., an increase of 13.0% over the corresponding week in 1940.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographic	Week Ended Dec. 27, '41	Week Ended Dec. 20, '41	Week Ended Dec. 13, '41	Week Ended Dec. 6, '41
New England	16.5	17.1	19.6	18.2
Middle Atlantic	13.2	10.7	13.3	10.6
Central Industrial	15.1	13.4	16.0	14.3
West Central	15.6	12.8	12.7	11.9
Southern States	19.4	16.4	14.9	13.8
Rocky Mountain	22.1	12.9	17.5	18.7
Pacific Coast	11.9	*7.9	*6.6	*9.8
Total United States	†15.6	13.0	14.2	13.2

*Percentage should be higher; data under revision. †Subject to revision.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended	1941	1940	*Percent Change* 1941 *from* 1940	1939	1938	1937
July 5	2,866,865	2,425,229	+18.2	2,145,033	1,937,486	2,139,281
July 12	3,141,158	2,651,626	+18.5	2,402,893	2,154,099	2,358,438
July 19	3,162,586	2,681,071	+18.0	2,377,902	2,152,779	2,321,531
July 26	3,183,925	2,760,935	+15.3	2,426,631	2,159,667	2,312,104
Aug. 2	3,226,141	2,762,240	+16.8	2,399,805	2,193,750	2,341,103
Aug. 9	3,196,009	2,743,284	+16.5	2,413,600	2,198,266	2,360,930
Aug. 16	3,200,818	2,745,697	+16.6	2,453,556	2,206,560	2,365,859
Aug. 23	3,193,404	2,714,193	+17.7	2,434,101	2,202,454	2,351,233
Aug. 30	3,223,609	2,736,224	+17.8	2,442,021	2,216,648	2,380,301
Sept 6	3,095,746	2,591,957	+19.4	2,375,852	2,109,985	2,211,398
Sept 13	3,281,290	2,773,177	+18.3	2,532,014	2,279,233	2,338,370
Sept 20	3,232,192	2,769,346	+16.7	2,538,118	2,211,059	2,231,277
Sept 27	3,233,278	2,816,358	+14.8	2,558,538	2,207,942	2,331,415
Oct. 4	3,289,692	2,792,067	+17.8	2,554,290	2,228,586	2,339,384
Oct. 11	3,314,952	2,817,465	+17.7	2,583,366	2,251,089	2,324,750
Oct. 18	3,273,184	2,837,730	+15.3	2,576,331	2,281,328	2,327,212
Oct. 25	3,299,120	2,866,827	+15.1	2,622,267	2,283,831	2,297,785
Nov. 1	3,338,538	2,882,137	+15.8	2,608,664	2,270,534	2,245,449
Nov. 8	3,325,574	2,858,054	+16.4	2,588,618	2,276,904	2,214,337
Nov. 15	3,304,464	2,889,937	+14.3	2,587,113	2,325,273	2,263,679
Nov. 22	3,205,034	2,839,421	+12.9	2,560,962	2,247,712	2,104,579
Nov. 29	3,293,415	2,931,877	+12.3	2,605,274	2,334,690	2,179,411
Dec. 6	3,368,870	2,975,704	+13.2	2,654,395	2,376,541	2,234,135
Dec. 13	3.431.328	3.003.543	+14.2	2,694,194	2,390,388	2,241,972
Dec. 20	3,448,597	3,052,419	+13.0	2,712,211	2,424,935	2,053,944
Dec. 27	*3,186,804	2,757,259	+15.6	2,464,795	2,174,816	2,033,319

*Subject to revision.

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	*Percent Change* 1941 *from* 1940	1939	1938	1937
January	13.149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	13,836,992	11,616,238	+19.1	10,185,255	9,170,375	10,036,410
August	14,118,619	11,924,381	+18.4	10,785,902	9,801,770	10,308,884
September	13,901,644	11,484,529	+21.0	10,653,197	9,486,866	9,908,314
October	---------	12,474,727	---	11,289,617	9,844,519	10,065,805
November	---------	12,213,543	---	11,087,866	[illegible].195	9,506,495
December	---------	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for yr.		138,653,997		124,502,309	111,557,727	117.141,591

Production And Utilization Of Electric Energy In The United States For Oct. And Nov., 1941

The production of electric energy for public use during the month of November, 1941, totaled 14,230,305,000 kilowatt-hours according to reports filed with the Federal Power Commission. This represents an increase of 13.7% when compared with November, 1940.

The average daily production of electric energy for public use for the fourth consecutive month reached an all-time high which for November was 521,256,000 kilowatt-hours. This is an increase of 1.2% when compared with the average daily production during the month of October, 1941, and is the fourth consecutive time that the average daily production has reached the half billion kilowatt-hour mark.

The effect of drought conditions on production by hydroelectric plants, particularly in the New England, South Atlantic, and East South Central regions, is evident in the table below. Due to excessive stream-flow in the West North Central and West South Central regions, the hydroelectric production in those areas for the current month was 106.7% and 166.7% respectively more than the November, 1940, production.

HYDROELECTRIC PRODUCTION—NOVEMBER, 1941, COMPARED WITH NOVEMBER, 1940

Region—	% change Nov., 1941 over Nov., 1940	Region—	% change Nov., 1941 over Nov., 1940
New England	— 31.3	East South Central	— 35.2
Middle Atlantic	— 13.3	West South Central	+166.7
East North Central	+ 28.9	Mountain	+ 16.6
West North Central	+106.7	Pacific	+ 25.4
South Atlantic	— 46.1	United States total	+ 1.2

The production by water power in November amounted to 4,066,402,000 kilowatt-hours, or 28.6% of the total output for public use.

Total production for public use for the twelve-month period ending Nov. 30, 1941, was 162,763,000,000 kilowatt-hours as compared with a production of 140,953,000,000 kilowatt-hours for the twelve-month period ending Nov. 30, 1940, representing an increase of 15.5% over the previous period.

The movement of electric energy across the State lines totaled 3,073,031,000 kilowatt-hours or 21.6% of the amount generated for public use.

The net imports from Canada totaled 82,748,000 kilowatt-hours and the net exports to Mexico were 1,934,000 kilowatt-hours, leaving a net balance of 80,814,000 kilowatt-hours imported to the United States.

Reports were received during December, 1941, indicating that the capacity of generating plants in service in the United States on Nov. 30, 1941 totaled 43,788,037 kilowatt. This is a net increase of 375,331 kilowatts over that previously reported in service on Oct. 31, 1941. Occasionally changes are made in plants which are not reported promptly so that the figures shown for any one month do not necessarily mean that all the changes were made during that month but that they were reported to the Commission since the previous monthly report was issued.

PRODUCTION OF ELECTRIC ENERGY FOR PUBLIC USE IN THE UNITED STATES

(In Thousands of Kilowatt-hours)

	By Water Power 1941		By Fuels 1941		Total 1941	
Division—	October	November	October	November	October	November
New England	157,918	200,903	754,957	658,218	912,875	859,121
Middle Atlantic	502,453	570,492	3,113,697	2,859,656	3,616,150	3,430,148
East North Central	318,372	320,703	3,233,792	3,088,315	3,552,164	3,409,018
West North Central	312,209	276,794	596,517	581,433	908,726	858,227
South Atlantic	264,999	243,392	1,656,852	1,591,115	1,921,851	1,834,507
East South Central	422,350	350,146	412,925	402,301	835,275	752,447
West South Central	83,447	70,124	738,045	696,752	821,492	766,876
Mountain	782,077	731,378	125,525	128,607	907,602	859,985
Pacific	1,336,470	1,302,470	181,930	157,506	1,518,400	1,459,976
United States total	4,180,295	4,066,402	10,814,240	10,163,903	14,994,535	14,230,305

AVERAGE DAILY PRODUCTION OF ELECTRIC ENERGY*

(In Thousands of Kilowatt-hours)

	Water Power		Fuel		Total		Percent Change
Month	1941	1940	1941	1940	1941	1940	1941/1940
January	158,661	110,145	304,274	306,979	462,935	417,124	11.1
February	150,455	118,468	313,581	288,000	464,036	406,468	14.2
March	153,435	136,898	304,422	258,050	457,857	394,948	15.9
April	171,042	161,089	279,802	230,841	450,844	391,930	15.0
May	147,914	159,031	319,814	237,785	467,728	396,816	17.9
June	145,123	152,060	338,158	257,913	483,281	409,973	17.9
July	151,609	143,845	334,190	267,905	485,799	411,750	18.0
August	136,754	136,206	363,708	284,575	500,462	420,781	18.9
September	143,031	140,121	365,046	288,713	508,077	428,834	18.5
October	143,653	125,155	371,623	315,003	515,276	440,158	17.1
November	148,952	147,145	372,304	311,274	521,256	458,419	13.7
December	------	154,210	------	309,627	------	463,837	----

*Computed by dividing the monthly production by the number of equivalent week days in the month in question.

Coal Stock And Consumption

Coal consumption by electric power plants was 5,767,742 tons in November, 1941, which is a decrease of 418,334 tons from the October, 1941 consumption, according to the Federal Power Commission. Of this total 5,531,475 tons were bituminous coal and 236,267 tons were anthracite. These are decreases of 6.5% in the consumption of bituminous coal and 13.5% in the consumption of anthracite when compared with the preceding month which had one more day.

The consumption of fuel oil during November, 1941, totaled 1,729,534 barrels as compared with 1,840,518 barrels during October or a decrease of 6.0%. During the same interval the consumption of gas decreased to 16,588,710 MCF in November from 18,746,678 MCF in October, representing a decrease of 11.5%.

The total stock of coal on hand at electric utility power plants on Dec. 1, 1941, was 13,766,048 tons. This was an increase of 1.5% as compared with Nov. 1, 1941, and an increase of 9.2% as compared with Dec. 1, 1940. Of the total stock, 12,427,133 tons were bituminous coal and 1,388,915 were anthracite, an increase of 1.9% for bituminous and a decrease of 2.4% for anthracite when compared with Nov. 1, 1941.

In terms of days' supply, which is based on the rate of consumption for the month in question, there were sufficient stocks of bituminous coal on hand Dec. 1, 1941, to last 67 days and sufficient anthracite for 170 days' requirements. These may be compared with 64 and 156 days' supply respectively for the previous month.

SEC On Investment Companies' Accountants

The Securities and Exchange Commission announced on Dec. 22 the adoption of a rule under the Investment Company Act of 1940 conditionally exempting one class of investment companies from the requirement of the Act that their independent public accountants be selected by those directors of the company who are not directly concerned in its management. The Commission explained its action as follows:

> Section 32 (a) of the Investment Company Act sets up certain procedures to be followed in the selection of independent public accountants for investment companies, among which is the requirement that they be selected by a majority of those members of the company's Board of Directors who are independent of the management—that is, who are neither officers, employes nor investment advisers of the company, nor affiliated persons of such an investment adviser. Since Nov. 1, 1941, when the provisions of Section 10 (a) of the Act became effective, the great majority of these companies have been required to have a sufficient number of directors independent of the management to make it possible for them to comply with Section 32 (a). A narrow class of companies, however (open-end companies which are operated by investment counsel, charge no sales load on their securities, and meet several other conditions of the Act), is permitted by Section 10 (d) to have only one director independent of the management. This class of companies will ordinarily be unable to meet the strict requirements of Section 32 (a). The new rule accordingly permits companies of this class to select their independent public accountants by vote of a majority of the whole Board of Directors.
>
> The new rule, which is known as Rule N-32-A-1, in effect adopts in a narrow field the principle of Rule N-6C-7, a temporary rule applicable to all investment companies which was issued on June 2, 1941. It becomes effective immediately.

N. Y. Stock Exchange Suspends Trading In Further Alien Issues

The Board of Governors of the New York Stock Exchange on Dec. 18 suspended, until further notice, from the list all Bulgarian and Hungarian securities. Trading in these securities had been held up since the opening of the Exchange on Dec. 15, pending action by the Board. All securities of Germany, Italy and Japan, including political subdivisions and corporations, were suspended from the list on Dec. 11; this action and a list of the suspended issues appeared in these columns of Dec. 18, page 1576.

A list of the Bulgarian and Hungarian securities suspended as made public by the Exchange follows:

CITY OF BUDAPEST—External sinking fund 6% gold bonds, loan of 1927, due June 1. 1962.

KINGDOM OF BULGARIA—7% settlement loan 1926, 40-year secured sinking fund gold bonds due Jan. 1, 1967.

7½% stabilization loan of 1928, 40-year secured sinking fund gold bonds, due Nov. 15, 1968.

HUNGARIAN CONSOLIDATED MUNICIPAL LOAN—20-year 7½% secured sinking fund gold bonds, due July 1, 1945.

20-year 7% secured sinking fund gold bonds, external loan of 1926, due Sept. 1, 1946.

HUNGARIAN LAND MORTGAGE INSTITUTE—7½% sinking fund land mortgage gold bonds, series A dollar bonds, due May 1, 1961.

7½% sinking fund land mortgage gold bonds, series B dollar bonds, due May 1, 1961.

KINGDOM OF HUNGARY—State loan of 1924, 7½% sinking fund gold bonds, due Feb. 1, 1944, assented 4½% dollar bonds extended to Aug. 1, 1979.

RIMA STEEL CORP. — 30-year closed first mortgage sinking fund gold 7% bonds due Feb. 1, 1955.

J. H. Coolidge Is Treas. Of Thompson Products

CLEVELAND, OHIO—James H. Coolidge, executive Vice-President of McDonald-Coolidge & Co., Cleveland investment brokers, has been named Treasurer of Thompson Products, Inc., according to an announcement by F. C. Crawford, President of Thompson Products, Inc.

He takes over the position formerly held by J. D. Wright, who was recently elected Vice-President and General Manager of Thompson Aircraft Products Co., subsidiary of Thompson Products, Inc. Mr. Wright will also continue as Secretary of Thompson Products, Inc.

Mr. Coolidge has been prominent in the security business since 1924. Throughout this time he has been associated with McDonald-Coolidge & Co. and its predecessors, and has served in various capacities in the Investment Bankers Association and the National Association of Security Dealers.

Signs Bill Extending Sugar Control Law

Congressional action on a bill continuing for three years from Dec. 31 the provisions of the Sugar Act of 1937 was completed on Dec. 19. President Roosevelt signed the bill on Dec. 26. The Senate approved the measure early on Dec. 19 and the House, reversing its action of Dec. 1, concurred in its provisions later the same day, thus sending the sugar legislation to the White House. The bill extends quota and processing tax provisions of the 1937 Act to Dec. 31, 1944. Basic benefit payments are increased from 60 to 80 cents a hundredweight and extended to Virgin Island producers.

When the House originally passed the bill on Dec. 1, by a 134 to 32 vote, it provided for a reduction in the quotas of Cuba, Puerto Rico, Hawaii and the Philippines and a 4% increase in the allotments of continental producers. This measure was opposed by President Roosevelt, Secretary of State Hull and Secretary of Agriculture Wickard as contrary to the "good-neighbor" policy. In view of the war situation the House reversed its previous stand. A summary of the provisions of the newly enacted measure, as given in advices on Dec. 26 to the New York "Journal of Commerce" from its Washington Bureau follows:

> Sec. 1 extends the powers of the Secretary of Agriculture under the Act and the conditional benefit payments for a period of three years.
>
> Sec. 2 extends the relief provisions in existing law, relating to violations of the child-labor requirements, to the 1940 and subsequent crops.
>
> Sec. 3 increases the base rate of payments from 60 cents a hundred pounds to 80 cents. Such rate of 80 cents is to be paid on the first 350 tons produced by any one producer and a graduated scale of reductions in payments is provided for production in excess of 350 tons.
>
> Sec. 4 amends Section 307 of the Act to include the Virgin Islands in the conditional benefit payments under Title III. At the present time sugar produced in the Virgin Islands is subject to the processing tax to the same extent as sugar produced in other domestic area but the producers in such islands are not entitled to benefit payments.
>
> Sec. 5 continues the processing and import compensating taxes for three years.
>
> Sec. 6 extends the time within which refunds may be made of taxes collected on Philippine sugar for three years.

From Washington

(Continued from page 20)

at Honolulu. I do remember writing earlier that it was probably ironic that he had turned out to be a hero when the facts were that he had told a widely known correspondent only a few days previous that there was no chance of the Japs attacking us, that we would have to carry the war to the Japs.

This is related only for the purpose of showing the recriminations between the Army, the Navy, the State Department and the individuals that are still going on here, as to who has been to blame—who is still to blame.

What I started out to say was how the war came abruptly home to me. I was carrying my family downtown and inadvertently backed the car against the curb. For the moment I thought the United States Government was atop my shoulders. The family had been reading the newspapers as to what happened to tires when they were exposed to the curb. Suddenly, and with a terrific impact, there appeared the spectre of Leon Henderson saying I couldn't get any more tires. Then suddenly, I perceived that while all these years we have been wont to speak of the "life lines" of Britain, to write romantically about them; that while there has been a tremendous controversy as to whether we should support Britain in keeping her "life lines" open—that all of a sudden here was my "life line" cut. Yet, for years, we've been intending to let the Philippines go.

Well, you can't escape the fact, that notwithstanding the failure of Ickes and others to make me war conscious, I suddenly became fully war conscious. Regardless of what I may have been in the past, isolationist, non-interventionist or whatnot, you can't smack me in the face with a proposition without my being able to see it. So when I backed up against the curb and was told that I had therefore weakened my tires and that I couldn't get any more tires, I fully appreciated that the war had come to me. My "life line" had been cut off. Those scoundrelous Japs, said I.

In this mood I met and had talk with one of the Nelson Rockefeller set up. Instead of thinking that our "life line" had been cut he seemed to think that it was a big break for the Nelson Rockefeller organization, something on which it could go to Congress and get more money.

Why, instead of our rubber "life line" being cut, said he, one of the funniest stories of all mankind which he knew of, was that concerning the rubber production capabilities of Brazil. Did I know, he asked, of the story of Manaos, in the tropics of Brazil, which was once a boom town because of its rubber output and which built the largest opera house in the world. Out in the jungles of Brazil this town had done that. And I recalled that I had read a lot about that largest opera house in the world and how, when the boom expired it had become neglected but in recent months was coming to be greatly patronized again.

The reason Brazil hasn't been our "life line" for rubber these recent years instead of the Dutch Indies, now cut off, and which Herbert Hoover had an awful squabble about with Britain when he was Secretary of Commerce, is that somebody, "I think a big Britisher," went over there and stole 800,000 plants and took them to the Indies—back in '20, '21, or '22.

The point of this young Rockefeller disciple was that if given plenty of money the Nelson Rockefeller organization would now save the situation. My thought was, that if his story was true, and I do seem to recall that Brazil was formerly a rubber producing country, though I may be wrong, that men certainly do get their affairs mixed up over the course of years. And this I know: Not so many months ago, the rubber producers of the Dutch Indies told Jesse Jones that they would not expand their production unless this country agreed to take so many additional pounds a year over a five-year period, and at a rate of ½ cent per pound increase. This, Jones agreed to do. Then when the Russians came into the war, they overbid this country and took up the expanded production.

Now, in spite of what the politicians have been saying about the menace to us, and being utterly callous about the loss of men at Honolulu, Wake and the Philippines, we are up against a proposition which threatens the economy of this country. It is no small thing to ban the sale of tires in this country. One has only to think of the millions of livelihoods it affects. A people outwardly accept a thing like this with the expression: If those men are dying in the Philippines, we can do something here.

But that is not the story. Men are being killed every day, at the hands of automobiles and in a thousand other ways. The denial of livelihood is an excruciating way in which men die.

The question naturally arises as to why the military effort of this country is not directed at something which directly affects us, the opening of our "life line," the restoration of this country's rubber supply, rather than the Battle of Libya.

The managers of our destinies do not think that this should be so. And this writer is not one to challenge them. They insist that we should look upon this business in a "global" perspective. Their great worry is that there should develop an attitude such as that I have just cited. And to offset this sort of thinking, is the real reason Winston Churchill has been over here. If you will analyze it, it was manifestly ridiculous that in the few days that the British Prime Minister was here, he and Roosevelt could have worked out the momentous problems which the headlines attributed to them. The plain facts are that they saw relatively little of each other.

The visit of the British Prime Minister was a part of the pageantry of things. The idea was for him, at a time when the American mind was perforce focused on the Pacific, to turn it to the Atlantic. He and Roosevelt think this is the real battle, regardless of what sacrifices may have to be made in the Pacific, temporarily. As to whether they are right, I do not question. I am simply stating what I consider to be the facts.

As the two of them look at it, the Axis would like nothing better than for us to be diverted. They don't want to be stampeded into such diversion. To prevent this, "Good Old Winnie" was brought over and the indications are that he did a good job.

The question still remains as to when the Democracies have got to cut out pageantry and get down to work.

There are some other things which Washington "democracy" or "bureaucracy" has got to do. One looks through Leon Henderson's order on tires and studies it. On the face, it seems a sacrifice which we have got to make. But a commentary on things is the number of observers in Washington who are studying it for hidden motives. And well they might. Here is an idea which some of the younger men in Leon's office have advanced to this writer:

In order to prevent the "rich" men from having advantage over their less prosperous fellows, the automobile industry should be closed down immediately. Because, a "rich" man today, in order to get new tires, has only to buy an entire new car, which the "poor" man can't do. This would not be important were it not for the fact that these young men have an influence over Henderson. It is a further example of the fact that although unity is being called for, Washington is still infested with the class conscious boys. In fairness to Henderson, he is trying to straighten out his organization, rapidly becoming one of the most ramified in town.

Significant along the same lines is the fact that a New Deal propaganda is already being levelled at Byron Price, the country's new censor. He is not class conscious. He will not have class consciousness in mind in enforcing the censorship, the class conscious boys complain. It is a fact that he will not.

What is to the point, though, is that the class conscious stuff still goes on here. There are still those—and in places of importance — who look upon a changed order in this country as just as important as the defeat of Japan or Germany.

As long as this situation exists, it is utterly impossible, men being what they are, not to look at every order that is issued in these war times for hidden motives, just as is being done in the case of Henderson's automobile order. This lack of confidence is going to hurt us sooner or later—and badly.

———

A rather frightening thing is the soon expected order that industrial institutional advertising must be submitted to the censors.

Ever since the outbreak of the emergency, industry in this country has been under attack by the New Deal for "not doing its part." In an effort to combat this, many industries—such as Chrysler, for example — have been advertising far and wide: We are doing our bit for national defense. Maybe it was said: We are building tanks; We are building planes; We are building locomotives. It all seems rather harmless and of no information to the enemy.

My understanding also, is that it has heretofore been submitted to the military authorities. But the word is now that the censorship is to apply to it. The effect would be to prevent industry from answering the attacks of the New Dealers. Maybe Byron Price will straighten this out. If the Leftist and Rightist conflict is not straightened out, this country is headed for an awful mess.

President Signs New Draft Bill Requiring 18-64 Registration

President Roosevelt signed on Dec. 22 legislation requiring the registration of all men between the ages of 18 and 64, inclusive, and making those from 20 years to 44 years inclusive liable for military service. It is estimated that the measure creates a potential draft army of about 7,000,000 men. Final Congressional action came on Dec. 19 when both the House and Senate adopted a conference report compromising their differences.

When the House on Dec. 17 approved by a voice vote the bill to amend the Selective Training and Service Act of 1940 it set the minimum military age at 21, despite efforts by President Roosevelt and the War Department to have all men between the ages of 19 and 44, inclusive, subject to active duty. However, the Senate on Dec. 18 by a vote of 79 to 2 passed the bill in the manner prescribed by the Administration, after attempts to make the lower service limit 21 and 20 were defeated by votes of 49 to 33 and 47 to 34. The legislation was then sent to a joint Senate-House conference committee which compromised on the 20 year limit.

The House agreed to other amendments added to the bill by the Senate, including a provision exempting all elected State officials from the draft and an insurance provision granting a payment of $5,000 to the beneficiaries of members of the armed forces who have been killed or permanently disabled while on active duty since Oct. 8, 1941.

President Roosevelt's recommendation that the minimum age for induction into the military service be lowered from 21 to 19 was contained in identical letters on Dec. 16 to Vice-President Wallace, Senator Barkley of Kentucky, majority leader in the Senate, and Senator McNary of Oregon, minority leader. The President in his letter said:

> I write to confirm that I fully approve and indorse the bill for the amendment of the Selective Training and Service Act of 1940, introduced by Mr. May in the House on Friday last.
>
> I approve the proposed Congressional declaration of policy, the provision for the registration of all our manpower between 18 and 64, inclusive, and the extension of liability for military service so as to include all the age groups from 19 to 44, inclusive.
>
> I consider the registration provision an essential instrument for the orderly planning of our national effort.
>
> As to the extension of liability for service, I approve it as a means of providing a sufficiently large pool of men available for service in our land and naval forces (including the air forces) adequate to meet all contingencies now foreseeable.
>
> These two features of the bill supplement each other. I consider them of equal and prime importance.
>
> The reasons for the bill are more fully set forth in the letter sent by the Secretary of War on Saturday last to Representative May and Senator Reynolds. I indorse without qualification the Secretary's statement in that letter.

Sparks Heads Treasury Defense Savings Staff

Secretary of the Treasury Morgenthau announces the appointment of Robert W. Sparks of New York, as Director of the Field Service of the Defense Savings Staff. Mr. Sparks, who has been Associate Director of the Field Service, succeeds Gale F. Johnston, who has resigned to reenter private business, but will continue to serve the Treasury as consultant. Mr. Sparks, who is a Vice-President of the Bowery Savings Bank of New York City, has been engaged in the banking business for the past 15 years. He is a past President of the Financial Advertising Association and has been Chairman of several committees of the American Banking Association. He is also a member of the National Mutual Savings Association of New York and a member of the Board of Governors of the Army and Navy Club of New York.

Auction Sales

Transacted by R. L. Day & Co., Boston, on Wed. Dec. 24:

Shares	STOCKS	$ per Lot
100	Fitchburg Paper Co., common	$24½ shr.
17	Incorporated Investors Equities; 11 Equity Corp., common (par 10 cents); 1 Associated Gas & Electric, class A; 14 Central States Electric Corp., common; 22 United States Electric Power Corp., common (par $1)	11
10	Samoset Cotton Mills (par $80)	4½
100	State Street Exchange (par $100)	70c shr.
60	Shawmut Bank Investment Trust; 10 Old Colony Investment Trust	22
20	The Open Road Publishing Co., common	4
200	Mallison & Co., Inc., common	1
30	Self Feeding Carburetor Co., Inc.	25c
35	Kreuger & Toll, American certificates (par 20 crowns); 33 Montana Leasing Co. (par $1); 1 The Cape Playhouse Co., Inc., 4s, preferred; 7 Sears Roebuck & Co.	340
105	Hotel Charles Co., common	1
175	Doll & Richards, Inc., 5% preferred (par $20)	50
20	Temblor Oil Co. of Massachusetts (par $5)	50c
100	National Service Cos., common (par $1)	3
457	Post Office Square Building Trust (par $100); 350 Tremont Buillding Trust (par $100)	925
415	Lawyers Mortgage Investment Corp. (par $100); 10 Merrimac Hat Corp., preferred (par $50)	550
8,000	Cripple Creek Mining & Milling Co., Ltd. (par $1)	9
100	Millville Investment Co., common	100
15	Springfield Mortgage Corp. (par $100); 45 General Mortgage & Loan Corp., preferred	30
35	Self Feeding Carburetor Co., Inc.	25c
150	Namasket Co., common (par $100)	5
60	James River Bridge System, common B (par $5)	$3 shr.
3,000	Fawn Mining Co., Ltd. (par 50 cents)	3
50	Burbank-Feltham Co. (par $100)	1.10
$1,000	Mayflower Oil Co., 6% five-year income note; 42 (par 50 cents); $1,500 Cooper No. 1 Trust, series BB, participating trust certificates; 1,000 The Ad-Bag Corp., common; 50 A. W. Lawrence Corp.	10
60	United Gas & Utilities Corp.	50c
375	Kimball Building Trust (par $100)	47
490	Cosmocolor Corp. (par $1)	21
100	Elkland Leather Co. (par $100)	$120 shr.
53	K. A. Hughes Co., preferred (par $10); 32 common (par $5)	27
10	Merrimack Ice Co., prior preferred (par $100); 3 common	6
120	Units Sealed Containers Corp.; 200 Warrants Commonwealth & Southern	4
36	Androscoggin Mills (par $100)	$5¾ shr.
20	Seaboard Western Oil Co. (par $50)	1
20	Petroleum Reclamation Corp. (par $50)	2
1	Empire Gas & Fuel Co., preferred (par $100); 3 Kernwood Country Club (par $50); 20 Industrial Projects, Inc. (par $5); 1 New University Club of Boston Real Estate Trust (par $100); 1 15 Park Avenue, Inc., preferred (par $100); 100 Rainbow Luminous Products, Inc., common B; $500 Pine Brook Valley Country Club Bond; $250 second mortgage bond	150
800	Boston Oregon Lumber Co. (par $100)	$4 shr.
208	Colonial Trading Corp.	1
77	Southern Oil Co., Inc.	1½
140	172 Beacon Street, Inc.	7
20	American Superpower Corp., common	30c
800	North Continental Oil & Gas Co., Ltd. (par 10 cents)	3
10	Missouri Pacific RR., preferred (old) (par $100)	65c
20	Wabash RR., common (old) (par $100)	10c
935	National Boston Montana Mines (par $1); 100 Rainbow Luminous, class A; 200 class B	2
5	Warrants American & Foreign Power	10c
2,000	Nepaug Petroleum Co.	30
800	Sibley-Sabine Corp. (par $1)	4
10	Samoset Cotton Mills (par $80)	4½
134	The Androscoggin & Kennebec Ry., second preferred (par $100); 13 The Menzies Shoe Co. of Missouri, common	6
1,467	Pure Cheese Corp., temporary certificates	6
250	Mexican Northern Mining & Ry. Co.	4
925	Stanley Engineering, Inc.	6
475	Temblor Oil Co. (par $5)	6
160	Samoset Cotton Mills (par $80)	32
20	Samoset Cotton Mills (par $80)	5½
51	Kennebec Investment Co.; 15 Management Engineering Corp.	3
400	D. C. Heath & Co., 7% preferred (par $100)	$103 shr.
40,000	Third Avenue Ry., adj. income 5s, 1960	$13 flat
400	Merchants National Bank, Newburyport (par $20)	$40 shr.
16	International Ry. Co., v.t.c.; 125 Fairhaven Mills Real Estate Corp., common trust certificates; 10 Richmond Waterfront Realty Corp., v.t.c.	12
150	Namasket Co., common (par $100)	6
63	Utilities Power & Light Corp., class A (par $100)	1
2	Butlers Point Associates, trust certificates; 10 trust certificates pref.	3
25	Rockland & Rockport Lime Corp., 1st preferred (par $100)	1
200	Union Copper Land & Mining Co. (par $25)	3
65	Warrants American & Foreign Power; 50 Warrants United Corp.; 95 Ozark Corp.	1
100	Cusie Mexicana (par 50 cents)	1
1,000	Fawn Mining Co., Ltd. (par 50 cents)	16
200	Pacific Development Corp.	1½
50	Gloucester Auto Sales Co. (par $100)	$1 shr.
50	Missouri Pacific RR., preferred (par $100)	2
500	Mexican Northern Mining & Ry. (par $1)	10
30	Tubal Shares, Inc., common	1
10	Missouri Pacific RR., 5% preferred (par $100)	75c
1,000	Nepaug Petroleum Co.	5
6,000	Nepaug Petroleum Co.	6
200	Icemasters Co.	2,000
20	Lancaster Corp., participating certificates	7
25	San Marcos Oil Co. (par $10); 150 Candy Brands, Inc., common (par $1); 50 Lord Electric Co., Inc., first preferred; 320 second preferred	20
251	National Service Cos., $3 preferred	¼
1,500	Unity Gold Producing, common (par $1)	1

	BONDS	$ per Lot
5,000	Ruble Imperial Russian 5½s, 1826	20
$4,000	Seneca Finance Corp., 6s, 1948, series A	190
2,500	Scraggy Neck Co., dated Oct. 20, 1928, due Oct. 20, 1933; $1,000 dated Jan. 22, 1929, due Jan. 22, 1930; $3,500 dated May 5, 1932, due May 5, 1933; $1,025 dated Nov. 24, 1937, due on demand; $1,250 dated May 23, 1938, due on demand; $1,150 dated Nov. 28, 1938, due on demand; $1,300 dated Nov. 27, 1939, due on demand; $3,850 dated May 27, 1940, due on demand	20
2,000	Boston Metropolitan Building, 3-5s, 1942	30½% & int.
1,000	Conveyances Title Insurance & Mortgage 4½s, 1946—11% paid	15½ flat
4,400	Bouve-Boston School of Physical Education, 10-year income—Note October, 1949	25

Transacted by Barnes & Lofland, Philadelphia, on Wed. Dec. 24:

Shares	STOCKS	$ per Lot
10,000	Philadelphia Brewing Co. (par $1)	505
130	Lehigh Portland Cement Co. (par $25)	$22⅛ shr.
100	Foster-Wheeler Corp., common (par $10)	$9⅜ shr.
770	American Superpower Corp., common (no par)	18
100	Commonwealth & Southern Corp., common (no par)	14
12	United States Gypsum Co., common (par $20)	$36⅜ shr.
10	Huron Holding Corp., common (par $1)	1
20	International Educational Publishing Co., preferred (no par)	10
10	S. B. Dobbs, Inc., common (no par)	25
25	Utilities Power & Light Corp., common (par $1)	5
10	North Camden Trust Co. (par $100)	5
21	Cheltenham National Bank, Pa., common (par $10)	25
31	First Camden National Bank & Trust Co. (par $12.50)	$3 shr.
32	Camden Safe Deposit & Trust Co. (par $25)	$1¼ shr.
5	Guarantee Trust Co., Atlantic City, N. J. (par $100)	1
12	Parkway Trust Co. (par $100)	1
8	Gloucester County Title & Mortgage Guaranty Co. (par $100)	1
95	First National Bank & Trust Co., Port Chester, N. Y. (par $20)	2
42	North City Trust Co., capital (par $50)	1
200	National Service Cos., common, temporaray certificate (no par)	1
10	United Founders Corp., common, temporary certificate (no par)	1
10	Utilities Power & Light Corp., class A (no par)	1
20	Jacob Miller's Sons Co., preferred (par $50)	10
50	Seaboard Utilities Shares Corp., common (no par)	1
50	Seaboard Utilities Shares Corp., common (no par)	1
41	North Eastern Warehouse Co. (par $100)	$50 shr.
19	North Eastern Warehouse Co. (par $100)	$50 shr.
10	The Walgacha Corp., preferred	$101 shr.
25	Media Drug Co., preferred (par $100)	1
600	Empire Electric Brake Co., preferred A, (par $50)	1,150
100	Arcade Real Estate Co., preferred (par $50)	7
5	Emergency Aid Realty Corp., common (no par)	1
10	Emergency Aid Realty Corp., preferred (par $100)	1
50	American Community Power Co., first preferred	1
25	American Electric Power Corp., $6 preferred	6
300	Chicago City and Connecting Rys., preferred, part. certificate, c.d.	1
20	Cocoa Products Co. of America, Inc., preferred (par $100)	4
20	Cocoa Products Co. of America, Inc., common (no par)	1
30	Jacob Miller's Sons Co., first preferred (par $100)	11
116	Lowell Air Conditioning Corp., 7% preferred (par $100)	26
30	J. M. Sons Building Co., second preferred (par $100)	1
10	Chicago & Northwestern Ry. Co., common (par $100)	1
1	Associated Gas & Electric Co., common (no par)	1
40	Intercontinents Power Co., $7 preferred	1
6½	Urbaine Corp., $7 preferred	$202 shr.

	BONDS	$ per Lot
$1,300	Associated Gas & Electric Co., series A, registered	6
5,000	No. 165 Broadway, N. Y. City, general mortgage 3s, 1958, registered; $300 income deb. 6s, 1958, registered; 5 shares common (par $1)	52
2,000	Syracuse & Eastern RR., 25-year income 6s, 1948, coupon No. 1 and s.c.a.	1
500	Rittenhouse Square Corp., 20-year income 6s, 1946	1
1,000	Stutz Motor Car Co. of America, conv. debenture 7½s, October, 1937	21

Petroleum And Its Products

Further war-created changes in the national petroleum picture developed this week with new orders from the Office of the Petroleum Coordinator and the Office of Production Management holding the headlines. Submarine raids on coast-wise traffic off California. which resulted in the curtailment of movements by sea, also highlighted the industry's first weeks under war time operating conditions.

With the start of the new year comes the end of the monthly state demand forecasts for crude oil formerly issued by the Bureau of Mines which will be replaced January 1 by a system of monthly certificates issued to each oil producing state setting forth its recommended production of crude. The certificates, issued on the basis of a study by the Oil Coordinator's office, were designed to insure a better balanced participation in the task of meeting the national demand for petroleum, Coordinator Ickes said in announcing the new ruling.

The first certificates under the new system were issued in Washington this week, with the setup by States following:

	Barrels per day
Texas	1,573,500
California	646,200
Oklahoma	415,700
Illinois	386,400
Louisiana	329,300
Kansas	259,900
New Mexico	121,200
Wyoming	78,500
Arkansas	73,700
Mississippi	60,400
Pennsylvania	47,400
Michigan	47,400
Montana	21,500
Indiana	17,300
New York	15,000
Kentucky	12,400
West Virginia	12,000
Ohio	9,000
Colorado	5,900
Nebraska	5,600

The new method should correct conditions whereby previously oil producing states, acting on the basis of the Bureau of Mines estimate, had sometimes produced crude oil in amounts out of line with their ability to maintain such production, Mr. Ickes said. Illinois, where 38.5% of the state's known petroleum reserves were produced in the twelve months of 1940 alone, is the best example of the serious conditions which were possible under the former method, it was pointed out.

Principal weight will be given at the outset to the current demand for crude oil from each state, even if it has largely developed from the availability of petroleum and without regard to the ability of the state or area to maintain such a rate under conditions of efficient sustained production, it was indicated. As time goes on and old fields decline and new fields develop, increasing weight will be given to a state's ability to maintain its production rate, it was stated.

New orders issued by the Office of Production Management in Washington this week placed strict limitations on the uses of oil and gas well drilling and pumping equipment. The priorities division of the OPM ordered that hereafter every operator in the petroleum industry is prohibited from acquiring or using materials for production purposes except under specified conditions. The conditions provide for a spacing pattern of 1 well to each 40 acres and setup provisions for unlimited use of materials for exploration work in new fields.

Under the conditions established in the OPM ruling, materials used to drill or complete oil wells which follow a uniform well-spacing pattern of not more than 1 well to each 40 surface acres will be available. Concentrated drilling operations not of this pattern will not be permitted without special authorization. Also, materials may not be used for pumping or artificial lifting equipment for more than an average of 1 well to every 10 acres in any lease or tract except that a single well may be furnished with such equipment on a lease or tract of less than 10 acres. Leases or tracts may not be sub-divided to take advantage of this provision.

Materials may be used without limitation for experimental or exploratory wells in new fields. This allowance was made, it was pointed out, so that the discovery of new pools would offset the drain upon present reserves and thus assure a continued and adequate supply of oil. Also exempt from the limitations of the conservation order are materials for use in petroleum research laboratories, in the search for and discovery of previously unknown petroleum pools, for specified recovery operations or for certain types of lease equipment.

The war has brought four major problems to the American petroleum industry—adequate transportation, tripling production of super aviation gasoline, increased demand for tuolene, used in the production of TNT and the need to manufacture synthetic rubber resulting from possible loss of raw rubber supplies from the Dutch East Indies—according to the current issue of "The Lamp," house organ of the Standard Oil Co. (N. J.).

"Tankers must carry oil across the seas to our ships, airplanes and submarines wherever they are stationed, as well as to our allies," it was pointed out in the "Lamp's" analysis of transportation problems. One hundred and eighty-eight high-speed tankers, totaling 3,060,000 dead-weight tons, are are now under construction by the industry and the Maritime Commission for completion in 1942 and 1943. By the fourth quarter of 1942, tanker construction in the allied countries is expected to reach the equivalent of 2,700,000 dwt. annually, which will be well in excess of any tanker losses which Axis aircraft and submarines have been able to inflict so far."

In commenting upon the need for tripling aviation gasoline production facilities, "The Lamp" said that the task called for industry-wide effort and "also for Government cooperation in making available the alloys and other materials needed for the quick expansion of the selected refining centers. And it calls for government financing in the case of new plants, and government assurance of future market outlets which will justify the industry in assuming the greater part of the financial risk. There is, of course, no existing market for such large additional supplies of this product."

Of marked interest in view of the tire rationing plan announced in Washington this week is the comment of the Standard Oil of New Jersey house organ on the synthetic rubber question. Under normal conditions, it was pointed out, production of this rubber has never been placed on a sufficiently efficient basis to permit it to compete with natural rubber and "unless new processes or more efficient methods of production can be devised the continued production of synthetic rubber at the war's conclusion will have to be subsidized." Multiplication of the production of tuloene for the manufacture of TNT also is needed, it was stressed.

All oil operators in California were notified by wire last week-end to bring production down to the December allowables due to the present disruption of tanker service caused by the raids on coast-wise shipping on the West Coast by Japanese submarines. The wire, signed by E. S. Pyles, chairman of the Oil Industry Committee for District No. 5, pointed out that "because of the interruption of normal operations of the tanker service, the industry faces a critical situation." Until protection against the raiders can be arranged, it is likely that coast-wise movements of oil will be crippled.

Royalties on the blending processes involved in the manufacture of 100 octane aviation gasoline have been slashed by five oil companies which own them at the request of the Office of the Petroleum Coodinator for National Defense. The five companies are: Texaco Development Corp., Shell Development Co., Standard Oil Development Co., Universal Oil Products Co., and the Anglo-Iranian Oil Co., Ltd., of England. The agreement calls for the cutting of royalties from 42 cents per barrel to 21 cents a barrel, immediately, effective until July 1, 1943. Thereafter, they will be cut to 15 cents a barrel.

A sharp slash in crude oil production in Texas was the major factor in paring the daily average for the nation for the Christmas week by 233,300 barrels to 4,080,850 barrels, according to the report of the American Petroleum Institute. The total compared with estimated December market demand of 4,139,000 set by the United States Bureau of Mines. Texas output was off 222,650 barrels, while California showed a decline of 33,600 barrels. These increases were offset in part by higher production totals in Oklahoma, Kansas, Illinois and Mississippi. Stocks of domestic and crude oil were up 934,000 barrels to 243,617,000 barrels during the week ended December 20, according to the Bureau of Mines. Holdings of domestic crude were up 1,169,000 barrels, with foreign crude holdings dipping 235,000 barrels.

There were no crude oil price changes posted during the week.

Prices of Typical Crude per Barrel At Wells

(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	$2.75
Corning, Pa.	1.31
Eastern Illinois	1.22
Illinois Basin	1.37
Mid-Contin't, Okla., 40 and above	1.25
Smackover, Heavy	0.83
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.12
Signal Hill, 30.9 and over	1.23

The recently announced curtailment in civilian use of rubber tires and tubes may result in a 35% curtailment of gasoline consumption by the public since motorists will be forced to reduce their driving totals in order to conserve their present tires for necessary transportation, according to government estimates made public in Washington this week. Under the tire rationing plan, the ordinary motorist will find it impossible to obtain new tires or tubes after the turn of the new year.

Should this develop, it might mean that gasoline rationing, which has come to the fore as war-time conditions necessitate transfer of additional tankers to the West Coast and increased supplies for the Army and Navy, might be averted. It is known that a consumer gasoline rationing program has been formulated under the direction of Petroleum Coordinator Ickes, for use should the supply emergency actually develop. The plan has been drawn up although no details are available.

The sharpest expansion in months developed in inventories of finished and unfinished motor fuel during the week ended December 27, holdings rising 2,182,000 barrels to 91,479,000 barrels, the American Petroleum Institute report disclosed. The total for the Christmas week compared with 83,281,000 barrels for the comparable period a year ago. Output of gasoline during the week showed a small gain, rising to 13,859,000 barrels from 13,667,000 barrels a week earlier but was sharply above the 11,746,000-barrel total for the like 1940 week.

Fractional improvement in refinery operations was shown during the December 27 week, the total rising to 92% of capacity, against 91.4% a week earlier. Daily average runs of crude oil to stills gained 26,000 barrels, rising to 4,096,000 barrels. Stocks of gas oil and distillates declined to 50,521,000 barrels from 51,487,000 a week earlier with stocks of residual fuel oil rising 331,000 barrels at 95,891,000 barrels. Figures on aviation gasoline were "not available this week," the report said.

Help for Britain in the operation of an aviation gas refinery in the Caribbean area through the granting of high priority ratings was disclosed in Washington this week. The Anglo-American Purchasing Co., of New York, was granted a single order by Donald M. Nelson, Priorities Director. The single order was granted in order to avoid the necessity of handling many individual applications.

Price changes in refined products in the major markets were limited to local readjustments for the most part with little developing in the way of any basic movement.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Socony-Vac.	$.085
Tide Water Oil	.09
Texas	.085
y Shell Eastern	.085
Other Cities—	
Chicago	.06-.06⅜
Gulf Coast	.06-.06
Oklahoma	.06-.06⅜

y Super.

Kerosene, 41-43 Water White, Tank Car, F. O. B. Refinery

New York (Bayonne)	$.053
Baltimore	.0525
Philadelphia	.0525
North Texas	.04
New Orleans	4.25-4.625
Tulsa	.04⅜-.04¾

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) Bunker C	$1.50
Diesel	2.15
Savannah, Bunker C	1.30
Philadelphia, Bunker C	1.50
Gulf Coast	$.85-.90
Halifax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28,30 D	.053
Tulsa	.03⅝

FDIC To Pay Insured Claims On Italian Bank

Joint announcement was made on Dec. 23 by the Federal Deposit Insurance Corporation, the N. Y. State Department of Banking and the Manufacturers Trust Company of New York that beginning Dec. 24 the FDIC would make available insured claims of depositors of the closed Banco di Napoli Trust Company, New York, by setting up accounts to their credit in the Manufacturers Trust Company. The announcement stated:

> FDIC has made available about $10,000,000 in cash to permit prompt discharge of its insured liability. Depositors, other than non-licensed aliens, will find the full insured portion of their deposits available. Disposition of the accounts of non-licensed aliens must await action under the Trading with the Enemy Act.

Banco di Napoli Trust Co. was closed on Dec. 11 by order of the Superintendent of Banks, following suspension of its license by the Treasury Department.

It is emphasized by all parties to this transaction that the closing of Banco di Napoli Trust Co. in no way reflects upon the character or integrity of directors and officers of that bank or upon the condition of the institution. The move was taken as a war-time measure, solely because the bank is owned by an enemy alien corporation having its office abroad.

The FDIC expects to recover all of its outlay as liquidation of the bank's affairs proceeds under direction of the Superintendent of Banks.

In exchange for an assignment of their uninsured claim against the closed bank, Manufacturers Trust Company is willing also to pay to the few unblocked depositors whose accounts exceed the $5,000 individual insurance limit the uninsured portion of their deposits. In this way the full amount of large accounts can be made available immediately, with Manufacturers Trust Company, rather than the excess depositor, waiting for reimbursement upon a liquidating dividend by the receiver.

N. Y. Cotton Textile Merchants Organize To Speed War Effort

A special war activities committee has been appointed by the Association of Cotton Textile Merchants of New York to insure a maximum of effective participation of this section of industry in the nation's war effort, it was announced on Dec. 23. The group, headed by S. F. Dribben, of Cone Export & Commission Co., will in its initial action undertake a study of every aspect of the nation's war effort which affects or is affected by the cotton-textile market. It is hoped that such a study will enable the Association to find every possible way in which it can be of aid.

Supreme Court Upholds Capital Stock Tax Act

The constitutionality of the Capital Stock Tax Act of 1935 was upheld on Dec. 22 by the United States Supreme Court. The provisions in the Act imposing a tax of $1 upon each $1,000 of adjusted declared value of a corporation's capital stock, was questioned by Lerner Stores Corp. of Maryland and the Scalfe Co., both of whom contested the Act on two grounds, said Washington advices Dec. 22 to the New York "Journal of Commerce":

> (1) That it was an unlawful delegation of authority by Congress, and (2) because of the failure of the provisions to provide relief to the taxpayer for obvious errors in their stock valuation declarations.

From the account to the same paper we quote:

> With the exception of increases in the amount of the tax, the same policy of permitting the corporation to place its own value on its capital stock has continued in the several tax laws to date.
>
> A low declaration of value placed by a corporation on its capital stock decreases the amount of the capital stock tax, but increases the risk of a high excess profits tax, either under the excess profits tax law or the provisions of the tax law against unreasonable accumulations. A high declaration of value, while decreasing the tax on excess profits, increases the capital stock tax.
>
> * * *
>
> Associate Justice Douglas who wrote the unanimous opinion of the court in both cases held that it was a matter for Congress to decide and not the courts in granting relief where mistakes have been made in making the original declaration.
>
> "By allowing the taxpayer to fix for itself the amount of the taxable base for purposes of computation of these taxes," the opinion added, "Congress avoided the necessity of prescribing a formula for arriving at the actual value of capital.
>
> "There is present no unlawful delegation of power. Congress prescribed the method by which the taxes are to be computed. The taxpayer here is given a choice as to value. While the decision which it makes has a pronounced effect upon its tax liability, that is not uncommon in the tax field."

President Signs Defense Housing Bill

President Roosevelt signed on Dec. 24 legislation appropriating an additional $512,000,000 for the national defense program, mainly for housing. Both the Senate and the House passed the measure on Dec. 19. There is $300,000,000 provided in the bill for defense housing and another $150,000,000 for community facilities in congested defense areas. Also included in the legislation is a $50,000,000 item for the relief and protection of the civilian populations in the Territorial possessions, of which $35,000,000 is to go to Hawaii, and $15,000,000 to Alaska, the Virgin Islands, and Puerto Rico. Another major item is the $10,000,000 for public relief and civilian defense in the Philippines, to which will be added the proceeds on taxes collected on Philippine sugar.

The $300,000,000 housing fund contemplates the construction of 65,000 additional housing units in defense centers for industrial workers. Previously another $300,000,000 had been appropriated for defense housing. The facilities for which $150,000,000 is appropriated include water, sewerage, hospitals and schools. Under the original program there was also $150,000,000 voted for this purpose.

Nov. Home Loan Bank Advances Near Record

Rising for the fourth consecutive month, outstanding advances of the 12 Federal Home Loan Banks to their member savings and loan associations stood at $187,083,935 on Nov. 30, the second highest point in the past three years, James Twohy, Governor of the Federal Home Loan Bank System, announced on Dec. 13. The trend, according to Mr. Twohy, indicates that the member institutions of the System desire to keep a sufficiently liquid position to meet all home loan demands and withdrawals.

The consolidated balance sheet of the banks themselves shows a "highly liquid and sound financial picture," according to the forthcoming annual report to Congress of the Federal Home Loan Bank Board for the fiscal year ended last June 3.

The report says:

> The banks' volume of cash funds on that date, $57,203,688 was larger than at any previous fiscal period and cash balances have been held during recent months at the highest point in the nine-year history of the Federal Home Loan Bank System. The primary measure of the value of the Bank System is its ability to meet any legitimate demand for credit, normal or extraordinary, which may be made by the home-financing industry. Only in a secondary sense is the volume of advances outstanding at any particular time a guage of the System's usefulness. For this reason, it is important for the banks to maintain a high degree of liquidity, particularly during critical times when an accurate estimate of future demand for advances is difficult to make.
>
> These cash holdings of the 12 banks represent an increase of 21% over the close of the preceding fiscal year. In addition, secondary liquid reserves in the form of investments in United States Government obligations, direct or fully guaranteed, totaled $63,407,070 at the close of the reporting period. Combined cash and investments constituted 41% of the banks' consolidated assets as compared with 39% a year previous. Cash available for advances and securities in excess of legal requirements totaled $96,012,260 on the reporting date.

This cash figure, Mr. Twohy pointed out, is no index of the potential lending powers of the banks, since through further issues of debentures and other means their advances can be greatly increased.

OPM Cuts Auto Output

The Office of Production Management announced on Dec. 11 further reductions in passenger automobile production for December and January. In announcing the new automobile quotas, Leon Henderson, Director of the OPM Division of Civilian Supply, again emphasized that "there is no guarantee that sufficient materials will be available to permit manufacturers to achieve the maximum production permitted." Production in December will be limited to 153,636 passenger automobiles, 38.7% of the December, 1940, production, while the January limit will be 102,424 automobiles, 24.5% of January, 1941. The previous December quota was 204,848 cars. Mr. Henderson also said that the February quota of 174,122 cars, or a 56.1% cut, had been revoked pending the outcome of a study.

Similar reductions were ordered for manufacturers of light trucks.

Fixing of the February auto quota was reported in these columns of Dec. 4, page 1340.

Nickel Production Is Reported At New High

In a statement issued by The International Nickel Co. of Canada, Ltd., on Dec. 18, Robert C. Stanley, Chairman and President, says in part:

> World nickel production and consumption in 1941 were at an all-time high. The sharp increase in demand arising from the joint British, Canadian and United States war effort required nickel production far beyond anything experienced in the past.
>
> The United States consumed over two-thirds of the world's total nickel output in 1941, as contrasted with an average annual consumption af about one-third during recent years. It is estimated that steel mills in the United States are currently consuming approximately 70% of the refined nickel imported into that country. Of the remaining 30%, foundries are taking 7.3%, brass mills 6.5%, heat resisting and electrical resistance alloys 4.6%, electroplaters 2.5%, and the balance is required for rolled nickel and high nickel alloys and a variety of other products.
>
> The prices of nickel in Canada and the United States remained unchanged during 1941 at figures prevailing for over 15 years. No price revision is anticipated in the immediate future.
>
> Coincident with the diversion of raw materials from non-essential uses, additional measures of conservation were undertaken by the British, Canadian and United States Governments so as to insure adequate nickel deliveries to the war industries of these countries. According to present estimates, over 90% of the nickel now available is being used to fill high priority war orders.

Printers Get Raise

The New York Employing Printers Assn., Inc., and New York Typographical Union No. 6 have entered into a new wage contract, it was announced Dec. 19 by William Ward, President of the Union. The new agreement affects printers in book and job offices in New York City estimated to number 5,000. The contract provides for a $3.90 per week increase in the minimum wage scale, becomes effective the first fiscal week beginning on or after Dec. 19 and continues in effect to and including Dec. 18, 1943. Working hours remain unchanged at 40 per week each for the day and night shifts and 35 for the third shift.

Following are the new minimum wage scales for members of the Union other than machine-tenders:

Day shift, $1.46 per hour, $58.40 per week.

Night shift, $1.5725 per hour, $62.90 per week.

Third shift, $1.7971 per hour, $62.90 per week.

Moody's Commodity Index Declines

Moody's Daily Commodity Index advanced from 216.6 a week ago to 217.9 this Tuesday. The most important individual change was a rise in cotton prices.

The movement of the index was as follows:

Tuesday, Dec. 23	216.6
Wednesday, Dec. 24	218.0
Thursday, Dec. 25	*
Friday, Dec. 26	217.8
Saturday, Dec. 27	217.8
Monday, Dec. 29	217.9
Tuesday, Dec. 30	217.9
Two weeks ago, Dec. 16	217.6
Month ago, Nov. 29	208.7
Year ago, Dec. 30	171.1
1940 High—Dec. 31	171.8
Low—Aug. 16	149.3
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6

*Holiday.

Items About Banks, Trust Companies

Central Hanover Bank & Trust Co. of New York announces the following appointments: Edward W. Durner, Milton F. Eberhart and William C. Fay, Assistant Vice-Presidents; Thaddeus C. Cox, Assistant Treasurer; Gould Jennings and David M. Proudfoot, Assistant Secretaries, and Edward S. Brown, Assistant Manager of the Credit Department. Messrs. Durner and Fay were formerly Assistant Treasurers.

The directors of the Fulton Trust Company of New York, at a meeting on Dec. 18, declared a dividend of $2 per share on the capital stock and an extra dividend of 50 cents per share, payable Jan. 2, 1942, to stockholders of record Dec. 22, 1941. This declaration, it is announced, represents a reduction in the annual rate of dividend from $10 to $8 per share, and as the earnings for the year permitted it, an extra dividend of 50 cents has been declared for this quarter. Pres. Arthur J. Morris reported that in view of the increased reserve requirements, additional taxes, the continuing low rates for money and the uncertainties of the future, the directors felt that a reduction in the annual rate at this time would be in keeping with the conservative policies of the company.

The Executive Committee of the Board of Directors of Sterling National Bank & Trust Company on Dec. 18 authorized the payment of a special compensation of 5% to the officers and one-half of a month's salary to employees, payable Dec. 19, 1941. All employees serving less than one year are to receive one-twelfth of semi-monthly salary for each month's service.

Also, effective Jan. 1, next, there will be paid quarterly to each employee receiving not more than $3,000 per annum, supplemental compensation at the rate of 6% of annual salary, exclusive of any overtime. The announcement says:

> The first payment under this plan is to be effected at the end of March, 1942, to employees who are then and have been in the employ of the bank throughout the preceding quarter, and such quarterly payments are to continue subject to review and readjustment prior to each quarterly payment and until otherwise ordered by the Board of Directors.

The Dime Savings Bank of Brooklyn entertained its depositors and friends with a program of Christmas carols sung by The Dime Savings Bank Male Chorus on Wednesday of this week from the balcony encircling the great dome in the bank building, Fulton Street and DeKalb Avenue, Brooklyn, from 12:05 to 12:30 p.m. The program was under the direction of Charles O. Banks, organist and choirmaster of St. Luke's Church in Brooklyn, assisted at the piano by Sidney Lowe. This was the eighth consecutive Christmas program and was broadcast over station WMCA. Philip A. Benson, President of the bank, extended season's greetings during the broadcast program.

Harold L. Taylor was elected a member of the board of directors of the Scarsdale National Bank & Trust Company of Scarsdale, N. Y., at the December meeting of the board. He will take the place that has been unoccupied since the death of Leo P. O'Farrell. Mr. Taylor is manager of The Mutual Life Insurance Co. of New York. He was born in New York City but has been a resident of Westchester for 30 years. During the last war he was in the air service, transferring from K Company of the Seventh Regiment. After the war, Mr. Taylor entered the life insurance business as an agent and in 1929 took the position he now holds.

Kelley Graham, President of The First National Bank of Jersey City, N. J., announces that the board of directors adopted a resolution authorizing the payment of a Christmas gift to employees and officers.

Net operating earnings of $1,738,884 are reported by the Girard Trust Co. of Philadelphia for the fiscal year ended Nov. 30, 1941, the figures, it is noted, being equal to $4.35 a share, and representing a gain of 15% over the previous year. The report of the year's operations was made to the stockholders of the bank at the annual meeting on Dec. 15 by James E. Gowen, President of the institution. In the Philadelphia "Record" of Dec. 15 it was stated:

> Mr. Gowen's report showed gross revenue of $4,756,000, including $2,472,000 in the banking department and $1,551,000 in the trust department.
>
> Gross operating expenditures, Mr. Gowen reported, were $3,017,000. Largest items of expense were salaries, wages and fees of $1,363,000, and total taxes of slightly more than $600,000.

From the same paper we quote:

> During the year, the report showed outstanding loans climbed 30.5%, to a total of $33,710,561. Mr. Gowen said many of the loans are related directly to the defense program.
>
> Increasingly broader use also is being made of the company's trust department services, particularly the investment supervisory service and diversified trust fund, Mr. Gowen reported.
>
> Despite the successful year just closed, Mr. Gowen said, the Girard Trust administration was "not unmindful of the many uncertainties facing the banking business generally in the year just commencing."
>
> Girard's board has voted the regular quarterly dividend of 75 cents a share, payable January 2, but Mr. Gowen said:
>
> "The events of the past few days obviously require adherence to a policy of conservatism with respect to the disposition of the net earnings available for the declaration of dividends."
>
> For the fiscal year, Girard's board declared total dividends of $3 each on the 400,000 outstanding shares, making total dividends of $1,200,000. In addition, the company set aside $72,139 as a reserve against commercial and personal loans and a $350,000 addition to the reserve for contingencies. There was a net increase of $103,501 in the undivided profits account which, as of Nov. 30, amounted to $1,814,000.
>
> One of the outstanding developments during the year, the President reported was the inauguration of a retirement plan available to all employees and officers. The plan was inaugurated Sept. 1, and the company is making regular contributions to support the program, which replaces a pension plan in effect since 1910.

J. M. Fischer, for several years a secretary to President L. M. Giannini of the Bank of America, has been advanced to the post of Assistant Vice-President and Budget Director in the Controller's division of the bank. Mr. Fischer was born in Nevada City, Calif., and joined the bank as a messenger in 1919. After serving progressively through several departments he was made Secretary to Mr. Giannini in 1932. He takes over his new duties at once.

British Prime Minister Winston Churchill In Washington For War Talks With President

The White House announced on Dec. 22 that Winston Churchill, Prime Minister of Great Britain, had arrived in Washington to discuss with President Roosevelt "all questions relevant to the concerted war effort." The Prime Minister is accompanied by Lord Beaverbrook, British Minister of Supply, and a technical staff. The present conversations between the President and the British Prime Minister, it was emphasized in a White House statement, have as their primary obective "the defeat of Hitlerism throughout the world" and are to be considered as preliminary to further conferences which will officially include Russia, China, the Netherlands and the British dominions—the other nations engaged in the "common task."

Mr. Churchill arrived by air and was met by the President at an airport near Washington. It was not disclosed how he had crossed the Atlantic. The Prime Minister is the guest of the President and it is understood will remain at the White House during his stay in the United States.

The first White House announcement of Dec. 22 concerning the meeting was issued in two parts, viz:

> The British Prime Minister has arrived in the United States to discuss with the President all questions relevant to the concerted war effort. Mr. Churchill is accompanied by Lord Beaverbrook and a technical staff.
>
> Mr. Churchill is the guest of the President.
>
> The Prime Minister of Great Britain is at this moment with the President in the White House. Mr. Churchill arrived by air. He was met by the President at a near-by airport. With him are Lord Beaverbrook and a technical staff.

A further and formal White House statement issued the same day said:

> There is, of course, one primary objective in the conversations to be held during the next few days between the President and the British Prime Minister and the respective staffs of the two countries. That purpose is the defeat of Hitlerism throughout the world.
>
> It should be remembered that many other nations are engaged today in this common task. Therefore the present conferences in Washington should be regarded as preliminary to further conferences which will officially include Russia, China, the Netherlands and the (British) dominions. It is expected that there will thus be evolved an over-all unity in the conduct of the war. Other nations will be asked to participate to the best of their ability in the overall objective.
>
> It is probable that no further announcements will be made until the end of the present conferences, but it may be assumed that the other interested nations will be kept in close touch with this preliminary planning.

The initial official disclosure that the United States is seeking "joint planning for unity of action" to defeat the Axis was made on Dec. 20 in a White House announcement which said that for some time a United States military mission in London and a British staff force in Washington have been carrying on conversations relative to the conduct of the war. The President intimated at his press conference on Dec. 19 that discussions had been going on with respect to the possible establishment of an inter-allied command.

The White House announcement of Dec. 20 follows:

> For some time, as has been hitherto intimated by the President, the United States military mission in London and the British joint staff mission in Washington have been in close contact with their opposite numbers in both places.
>
> This liaison will continue for a short time until the joint planning for unity of action can be extended to Russia, China, the Netherlands and other governments engaged in the common cause of defeating the Axis.
>
> Steps toward this objective are under way.
>
> Maj.-Gen. James E. Chaney and Vice-Admiral Robert L. Ghormley have been representing the United States in London for some time.
>
> Admiral Sir Charles Little, Lt.-Gen. Sir Coville Wemyss and Air Marshal A. T. Harris have been representing Great Britain in Washington.

At a joint press conference with President Roosevelt on Dec. 23, the Prime Minister declared that the Allies must plan on external knockout blows to defeat Germany and must not count on internal collapse. Some of the significant observations he made were reported by the United Press as follows:

> British forces, in cooperation with United States aid, will do their utmost to defend the vital Singapore base and its approaches until a general offensive against the Japanese can be launched.
>
> Germany does not face a serious shortage of war materials despite large losses in her struggle against Russia.
>
> An internal crack-up in Axis countries would be a welcome windfall but the Allies must not depend upon it.
>
> There is no element of trickery in Germany's retreat from Moscow.
>
> It will take the Allies only half as long to defeat the Axis if the unity program is managed well as it would if it is operated badly.
>
> He anticipated no problem in connection with war production after the United States swings into high gear. Delivery of materials will remain a chief problem.
>
> Economic, diplomatic and post-war problems will be submerged in the council discussions which have but one primary objective—"defeat of Hitlerism throughout the world."
>
> The British have received reports that Germany may try to invade the British Isles next year. He did not know where or when the attempt would be made.
>
> Establishment of a supreme Allied command would be difficult to arrange. Present need is for broad development of strategy among all Allied powers.
>
> Co-ordinated war action by the Allies will incorporate recommendations of Soviet Russia, the Netherlands, China and their Allies.
>
> Canada faces dangers on both sides.

Later the same day (Dec. 23) the President and Mr. Churchill participated in the first meeting of the United States-Great Britain "war council." This consists of high ranking military, naval and diplomatic officials of both countries.

It was also disclosed on Dec. 23 that the British staff which accompanied Mr. Churchill and Lord Beaverbrook on the trip to Washington, includes 80 technical experts. The army and navy chiefs are: Admiral Sir Dudley Pound, Commander of the British Fleet Air Marshal Sir Charles F. A. Portal and Gen. Sir John Dill, former chief of the Imperial General Staff.

The war aims of the United States and Great Britain were discussed before Congress in an address by Prime Minister Churchill on Dec. 26.

Dawes-Young Loans Affected By War

Advices to the effect that "Cessation of payment on German bonds has generally extended and in recent months has affected payment of the Dawes and Young loans," were contained in the report of the Board of Visitors to the Foreign Bondholders' Protective Council published by the State Department and the Securities and Exchange Commission, which supplies the personnel of the visiting board. This was made known in special advices Dec. 22 from Washington to the New York "Times," which further said:

> "As regards various other important dollar bond obligations of countries, such as Norway, Denmark and Japan, the prospect of payment has become closely connected with the policy pursued as to frozen foreign funds held within the United States. In summary, it may be said that the war and the situations that have developed in connection therewith have been, during this period, a preponderant factor in determining the treatment of dollar bonds of foreign governments in many parts of the world and that decisive considerations affecting payment lay outside the sphere of influence of the council. It may be noted, however, that during this period further progress was made in adjusting various default situations on securities issued by governments of this hemisphere."

The council had a deficit of $21,300 in its finances for 1940 compared with a surplus of $37,931 in 1939.

Federal Credit Banks Sell Debenture Issues

The Federal Intermediate Credit Banks recently sold through a public offering $20,260,000 of ⅞% consolidated debentures, dated Jan. 2, 1942, and maturing June 1, 1942, and $24,360,000 of 1% consolidated debentures, dated Jan. 2, 1942, and maturing Aug. 1, 1942. The offering was made at a slight premium, through Charles R. Dunn, New York, fiscal agent for the banks. It is said that the sale attracted the usual wide demand throughout the country.

In addition to the public sale, $1,900,000 of the 1% debentures, due Aug. 1, 1942, were sold privately within the Farm Credit Administration. The total sale, therefore, aggregated $46,520,000. Of the proceeds $25,100,000 will be used to pay off maturing debentures and the remainder, $21,420,000, represents "new money." At the close of business on Jan. 2 the banks will have a total of $253,920,000 debentures outstanding.

GENERAL CONTENTS

(Continued from First Page)

Page
Auburn Daily Ups Price............ 34
ABA Trust Conference.............. 33
RFC War Insurance Corporation.... 21
Magnus, Board of Trade Head...... 21
Normandie, Kungsholm............. 19
Swiss to Act for U. S............. 19
Coolidge, Treasurer of Thompson Products 37
Sugar Control Law Extended....... 37
Capital Stock Tax Act Upheld...... 39
Defense Housing Bill Signed........ 39
FDIC to Pay Insured Deposits Claims on Closed Italian Banks.. 39
N. Y. Cotton Textile Merchants Organize 39
Nov. Home Loan Bank Advances... 39
OPM Cuts Auto Output........... 39
Printers Get Raise................ 39